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NEWS SUMMARY

GENERAL

BBC and FT men told to quit Iran

Iran has told three resident Western journalists, including Mr. Andrew Whitley of the Financial Times, to leave the country.

The other two are Mr. Towyn Mason of the BBC and M. Jerome Dumoulin of the Paris magazine L'Express, who received the expulsion order less than 48 hours after arriving in Iran.

All were told by Dr. Ali Behzadnia, foreign Press director of Iran's Ministry of National Guidance, to leave as soon as possible. Mr. Mason was informed that the authorities objected to the tone of BBC broadcasts about Iran but Mr. Whitley, who has been in Iran for two years, was given no explanation.

University talks

University vice-chancellors are seeking urgent talks with the Government about a warning that they must achieve a 6 per cent cut in student admissions next autumn. It came from the University Grants Committee and is a result of planned public spending cuts. Page 6

Rhodesia plea

Zimbabwe Rhodesia has asked Britain to invite more than 12 people for its team coming to the constitutional conference in London next month.

Prison protest

Scottish Home Affairs Minister Malcolm Rifkind cancelled a visit to Peterhead top security jail in Scotland today because of a rooftop protest by prisoners complaining about conditions. They smashed tiles and windows, then barricaded themselves in an attic.

Roads review

The Department of Transport plans to review all the Labour Government's trunk road development schemes. Civil servants are re-examining London's controversial Archway Road project, abandoned by the Callaghan administration. Page 6

ITV lockout

The independent television companies—whose screens have been blacked out in a pay dispute—will today lockout members of the National Association of Theatrical, Television and Kine Employees and the Electrical and Plumbing Trades Union. Page 7

Soweto visit

South African Prime Minister Pieter Botha and four Cabinet ministers are to visit the black township of Soweto, where police shot demonstrating students three years ago. The incident led to riots in which about 500 people died.

Suspect held

Geneva police have arrested 22-year-old Lebanese Mohsen Jaroudi on suspicion of involvement in the murder of top Palestine Liberation Organisation official Zuheir Mohsen in Cannes last month.

Ambush victim

Portuguese industrialist Joaquim Ferira Torres, who was awaiting trial on charges of organising bomb attacks on Left-wing targets in 1975, was killed in a machine-gun ambush while driving near Oporto. Page 3

Rulers overruled

Greek Government decree establishing diplomatic relations with the Vatican was rejected as illegal by Greece's State Council, the supreme administrative court.

Briefly . . .

More than 50 people died when a goods train and a passenger train collided near Bangkok, Thailand.

Japanese court ordered Government and three pharmaceutical companies to pay total of £1.2m to victims of disease caused by anti-diarrhoea drug.

BUSINESS

Sterling off 1.15c; Gold improves

● STERLING: Selling from New York forced a drop of 1.15 cents on the day to a close of $2.2105 ($2.2220). The trade-weighted index fell to 70.6 from 70.9. Dollar's index was unchanged at 84.7.

● GOLD rose sharply after a quiet morning to close at $300.50 (298¾).

● EQUITIES: In slow trading the FT 30-share index closed 2.9 down at 464.5.

● GILTS: The firmer tendency was maintained in light business but rises of ⅛ in longer-dated stocks eased ¼ or so after the official close. The Government Securities index rose 0.17 to 73.81.

● WALL STREET was unchanged at 886.52 just before the close.

● SPILLERS, the flour miller and food processor, is pleading in advertisements for shareholders not to sell in the market before hearing the company's defence against Dalgety's snap £73.6m bid. Back Page

● ELECTRICITY industry spending in England and Wales will be allowed to rise 9.6 per cent this financial year to provide new power stations and distribution plant.

● EEC Commission has asked the French Government for a formal explanation of new regulations affecting imports of woollen goods from other community countries. Page 4

● IRAN is to go ahead with an order for six A300 Airbuses as planned before the revolution, Airbus Industrie said in Paris. But Iran Air has cancelled an order for three Boeing 747s. Page 4

● MERIDEN Motorcycle Co-operative faces court action if it fails to pay £36,000 off its rates bill within 10 days. Page 6

● MAGISTRATES' courts in inner London are expected to come to an almost complete halt next week when 600 clerical and administrative staff start an indefinite strike. Page 7

● SHEETMETAL Workers Union officials are to recommend terms for merging with the Amalgamated Union of Engineering Workers.

COMPANIES

● DE BEERS Consolidated Mines, the prime force in the international diamond market, announced a drop in net profits to R340.1m (£183.8m) during the first half of 1979 compared with R349m. Page 20

● OCEAN TRANSPORT & Trading pre-tax profits for the first half of 1979 were better than expected at £6.65m (£2.35m) but only modest improvement is expected on the year. Page 18 and Lex, Back Page

● LADBROKE GROUP is expected to buy Audiotronic Holdings, the loss-making company which owns the Laskys chain of Hi-Fi shops. Back Page

● ROTHMANS INTERNATIONAL, the tobacco group, is in a strong position and is confident for the year ahead. Page 18

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Chesterfield Props.	275	+ 5
Matthews (B.)	292	+ 5
Newmark (L.)	210	+ 5
Rothschild Inv.	260	+ 11
Royal Worcester	172	+ 4
Castlefield (Klang)	315	+ 18
Doranakande	130	+ 15
London Sumatra	305	+ 22
Sogomana	320	+ 15
Doornfontein	313	+ 14
Loraine	93	+ 8
FALLS		
B'rdman (K.O.) Intl.	15¼	− 3
Elliott (B.)	220	− 6
Fairview Estates	220	− 5
Fisons	244	− 4
Grindlays Bank	96	− 4
Hoover A	130	− 5
Laing Props. A	145	− 8
Lloyds Bank	288	− 4
Meat Trade Suppl'rs	84	− 4
Pegler-Hattersley	152	− 4
Redland	175	− 5
600 Group	80	− 3
Stenhouse	89	− 3
Tube Invs.	322	− 4
Wedgwood	80	− 7
BP	1,165	− 15

Unemployment falls to three-year low, but could rise soon

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

Unemployment is still falling in the UK. But the total could start to rise within a few months, especially as notified vacancies have already dropped for two consecutive months.

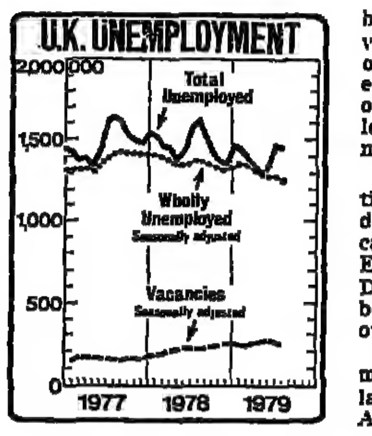
The number of adults out of work in the UK fell by 14,000 in the month to mid-August to 1.26m, seasonally adjusted—5.2 per cent of the workforce.

This is the lowest level since spring 1976 and is 170,200 below the post-war peak nearly two years ago.

The steady fall in unemployment over the past six months—down nearly 102,000—reflects the bouyant levels of economic activity as output has recovered from the impact of the bad weather and industrial disputes of the winter.

But changes in the unemployment trend generally lag behind turning points in the economic cycle and a better advance warning indicator is the level of vacancies notified to employment offices (just over a third of all vacancies).

Notified vacancies have fallen by 7,500 to 245,500, seasonally adjusted, over the last month. This is the second successive monthly fall. The latest figures may have been affected partly by unseasonally low recruitment by the hotel and catering trades in view of the poor summer business.



Other recent evidence about the state of the economy has been ambiguous. Activity in the early summer was strong but an early downturn was suggested by the Confederation of British Industry trends inquiry on Monday which reported a marked deterioration in manufacturing industry's orders and output.

The official view is that there is nothing in the figures to suggest that the turning point has been reached. But there is virtual unanimity within and outside Whitehall that the expected recession and squeeze on public sector manpower will lead to a sharp rise in unemployment over the next year or so.

The internal Whitehall projections are unlikely to be very different from last month's forecast by the Organisation for Economic Co-operation and Development of a rise of between 180,000 and 200,000 over the next year.

The unadjusted unemployment total fell by nearly 8,500 last month to 1.45m, the lowest August figures since 1975.

This was the result of a 32,000 drop to 183,500 in the number of school leavers out of work and compares with a total of 222,000 a year ago. Nearly 700,000 pupils left school in the last academic year.

The Government's special job supports measures are continuing to have a big impact—reducing the number registered as unemployed by 208,000. This is 18,000 more than in the previous month.

Unemployment map. Page 6

Talks on Budapest-based bank reach final stage

BY JOHN EVANS

A GROUP of leading European and Japanese banks is is in the final stages of negotiations to establish a joint-venture international bank in Hungary.

The new bank, described as the first experiment of its kind in Eastern Europe, will be based in Budapest with the Western participants holding a majority stake in the venture.

Senior state banking officials in Budapest yesterday confirmed that the negotiations, which have lasted several months, are in an advanced stage. They said the venture should be formed before the end of the year.

The Western banks primarily involved have been named as Banco Commerciale Italiana, Societe Generale of France, Creditanstalt-Bankverein of Austria. Long-term Credit Bank of Japan and the Taiyo Kobe Bank. The Hungarian partner will be the National Bank of Hungary.

British and American banks do not appear to be interested at this stage, although preliminary talks have been held with U.S. and Arab institutions.

According to the Western participants, the Budapest bank will undertake a full range of international banking activities, including foreign trade financing. Its activities will not be necessarily limited to business relating to Hungary or East-West trade, but will extend generally overseas.

Some Western observers, in fact, believe the bank will prove to be well-placed to benefit from the growing proportion of trade within Eastern Europe which is financed in Western convertible currencies. Reuter

Current bloc estimates suggest that up to 30 per cent of Comecon's internal trade is settled in Western currencies, mainly the U.S. dollar. Comecon's own official trade and settlements medium, the convertible rouble, is frequently passed over in favour of convertible currencies, which offer much greater flexibility.

Meanwhile, European participants in the new bank are stressing that the negotiations will have to solve a few outstanding problems before the go-ahead is given.

One bank said these obstacles centred around the question of guarantees from Hungary for the various investments, channelled through the new bank, which the Western partners would undertake.

Budapest officials appear optimistic that the new bank will begin operations this year. One said: "Our aim is to bring to Budapest an international banking institution which will be a point of prestige for Hungary."

None of the various partners was prepared to discuss the exact shareholding arrangements. But the London Chamber of Commerce and Industry, in its Eastern Europe bulletin, suggests that 60 per cent of the shares will be held by the foreign banks, with the remainder taken by the National Bank of Hungary.

The foreign contribution to the bank's capital will be $15m, plus a subordinated loan of $15m.

Under the plans the chairman of the new bank will be a representative of one of the Western partners, while its chief executive will be Hungarian.

Wedgwood profits fall 66%

BY ANDREW FISHER

THE WEDGWOOD china and pottery group is to cut its expansion plans, production and workforce following a drop of nearly two-thirds in its profits for the first three months of the current financial year.

Increased UK interest charges and the impact of the rising pound on exports were blamed chiefly by Sir Arthur Bryan, the chairman, yesterday for a 66 per cent fall in taxable income from £1.68m to £570,000 in the three months to the end of June.

He warned that "some appreciable regression from last year's results must be expected in the current financial year," although he expected a resumption of growth in 1980, the 250th anniversary of the birth of Josiah Wedgwood, the group's founder.

Profits before tax in the year to March 31 had totalled £8.55m on sales of £84.2m, of which 57 per cent were made abroad. The company's pre-tax profits have not registered a decline for the past eight years. The shares lost 7p to 80p yesterday on the figures.

With finance costs at "unrealistically high" levels, Sir Arthur said expansion and modernisation plans would have to be curtailed. Redundancies would be inevitable, but "will be kept to the absolute minimum."

The labour cuts would follow consultations with the trades union officials and be covered mainly through retirements and a reduction in part-time employment. The total labour force is 12,000.

Earlier this week, Royal Doulton, another major china and porcelain producer, said it was cutting its 10,000 workforce by 300 over the next three months as a result of sluggish sales growth and soaring costs.

Wedgwood underwent a severe trimming of its operating margins in the first three months to June 30, with sales up slightly by 2½ per cent to £19.58m, while

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For latest Share Index 'phone 01-246 8026

UK deals may aid Pakistan atom bid

By Simon Henderson

PAKISTAN is still buying goods from Britain which are believed to be for use in its nuclear programme despite a Government ban on the export of sensitive items of equipment.

The goods, mainly machine tools, are being sent through a Swansea import-export agency, Weargate, which last year had an order for £1.25m-worth of electrical equipment known as inverters banned by the Government because of their possible nuclear application.

Like the inverters, the most recent shipments have been ordered by the Special Works Organisation in Rawalpindi, which Western intelligence experts say is responsible for Pakistan's nuclear weapons programme.

Yesterday in Saudi Arabia, General Zia-ul Haq, the President of Pakistan, again denied that his country planned to make a bomb. He said its nuclear programme was to meet growing energy shortages.

But officials in Washington fear that Pakistan is close to exploding a bomb using enriched uranium—achieving strategic parity with India which exploded a device in 1974—and possibly setting off a new arms race in the subcontinent.

A secret nuclear facility at Kahuta near Islamabad is believed to be the site of a uranium enrichment plant being built by the Special Works Organisation with materials bought in Europe.

Pakistan has only two nuclear reactors. A commercial power reactor in Karachi uses natural uranium, and a small research reactor near Islamabad uses slightly enriched uranium. Pakistan officials say work on the next power reactor is due to start next year and to be completed in 1986.

Investigations by the Financial Times have shown that two officials working for the Pakistan Atomic Energy Commission last year visited Britain to buy machinery and lathes. The two men were working on a project under Dr. A. Q. Khan, a Pakistani scientist now the subject of an inquiry by Dutch officials. He is suspected of acquiring secret plans of a uranium enrichment plant in the Netherlands in 1975.

Work on the enrichment plant in Pakistan is believed to have started after France began to back out of a deal to sell Pakistan a nuclear reprocessing plant. This would have produced plutonium, which can be used to make a bomb.

Feature. Page 2

Oil industry hopes for stable prices

BY RAY DAFTER, ENERGY EDITOR

THE OIL industry expects that—barring political upheavals—crude oil prices should remain reasonably stable for the rest of the year.

An important indication of the easing pressure on supplies has come in the European spot market where crude oil and product prices have been falling steadily in recent weeks. This, in turn, signifies an end — at least for the time being—of the panic buying and spiralling prices that were a feature of the first six months.

Unless the Organisation of Petroleum Exporting Countries calls a special price-fixing meeting for next month—and the oil industry now thinks this less and less likely—crude oil prices should remain at their present levels until January at least.

European companies have been able to replenish their depleted oil stocks, thanks largely to Saudi Arabia's production of an extra 1m barrels a day, rising North Sea output and the normal seasonal drop in demand. Consequently there has been less pressure on companies to buy comparatively small consignments on the spot market. An exception, to some extent, has been British Petroleum which has been seeking crude oil and products partly to make up for the oil lost through its having been nationalised in Nigeria.

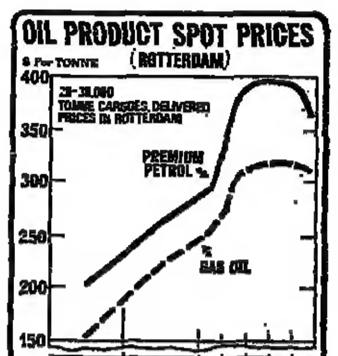
Holiday

According to one leading oil trader in London, the Rotterdam market has returned to its normal August state, one of very little activity reflecting not only holiday conditions but also the healthier state of oil industry supply and demand balances.

"The spot market has returned to what it always used to be, a market dealing with marginal quantities, instead of the tail wagging the dog as it was earlier this year," he said.

Spot lots of light crude oil—important for the manufacturing of petrols and chemicals—from the Persian Gulf are now being sold at between $30 and $32 a barrel, against a peak of $37 to $38 a barrel a few months ago. The rapid rise in spot prices earlier this year, caused largely by the reduced Iranian exports, helped to emphasise OPEC's demands for higher contract prices.

Heavier crude oil from Middle East producers is reported to be fetching between $26 to $28 a barrel whereas spot lots of premium African crudes are valued at between



$33 and $34 a barrel. (The contract prices for OPEC oil range from $18 to $23.50 a barrel.)

Of the products being sold in Rotterdam fuel oil and gas oil—both largely used for heating—show signs of becoming more expensive again. Gas oil consignments of 25,000 to 30,000 tonnes are being sold for about $310 per tonne, against about $330 a tonne last month.

Other prices quoted in the oil trading market yesterday were: premium gasoline, $365 per tonnes; regular gasoline $355 a tonne; naphtha $340 a tonne; jet fuel $390 a tonne; 1 per cent sulphur fuel oil $165 a tonne; and 3.5 per cent sulphur fuel oil $140 a tonne.

Although the spot market has assumed its more traditional role in international oil trading, representing between 3 and 4 per cent of total oil sales, energy companies and traders point out that it would take only a relatively minor interruption in supplies to trigger another flurry of spot activity. And oil demand and supplies remain tightly balanced.

Mr. Desmond Watkins, managing director of Shell UK Oil, said on Monday that, barring unforeseen events in the Middle East and elsewhere, supplies should remain reasonably favourable. If they did so, the company did not foresee any further price increases this year. Shell had decided to shelve a plan to raise petrol prices by a further 1p to 2p a gallon, largely because of the strength of sterling. Other industry executives were equally hopeful yesterday of a period of price stability.

£ in New York

—	Aug. 20	Previous
Spot	$2,2145-2160	$2.2120-2140
1 month	0.55-0.50 dis	0.45-0.38 dis
3 months	1.35-1.31 dis	1.38-1.35 dis
12 months	4.52-4.40 dis	4.65-4.50 dis

Simon Henderson reports on General Zia's 'Islamic bomb'

Pakistan's nuclear shopping list: the British link

ACCORDING TO the local guidebook, the town of Kahuta near Islamabad, the capital of Pakistan, is a quiet place with a skyline broken by several Sikh and Hindu temples.

There is nothing to suggest, it says, the pre-partition horrors of 1947 when the town was the scene of serious inter-communal fighting between Moslems on one side and Sikhs and Hindus on the other.

What the guidebook fails to mention however is that today Kahuta is the site of another serious source of tension between Moslem and Hindu. It is where Pakistan is believed to be building a gas centrifuge uranium enrichment facility capable of producing weapons grade uranium.

Last week Mr. Charan Singh, the then Indian leader, said his country would go ahead with developing an atomic bomb if Pakistan continued its own programme.

Senior Pakistani officials were quoted as saying also that a decision on whether to explode a peaceful nuclear device would be left to civilian politicians after elections in November.

Pakistan's nuclear plans have provoked mounting international concern. The U.S. has stopped all aid (except food) to *Pakistan and withdrawn an* offer to sell F-5 fighter-bombers. Pakistan is now defending Kahuta and a pilot enrichment plant at Sihala with missiles and aircraft against the possibility of an Indian strike.

Israel has expressed concern that a Pakistani weapon would be made available as an Islamic bomb to the Arab countries.

Meanwhile Pakistan's ambitious plans continue. Last month *General Zia ul-Haq said the* nation would eat crumbs rather than allow the national interest of acquiring nuclear technology to be compromised.

The Pakistanis continue to insist that they are not intending to produce nuclear weapons. The programme is simply to meet Pakistan's energy needs.

Investigations in Pakistan and Britain show that

● The main conduit for the supply of equipment is a body in Rawalpindi named the Special Works Organisation (SWO). Its function is to procure materals for the manufacture and support of Pakistan's nuclear facilities.

● Pakistan's buying of equipment for its nuclear plant has continued despite a British *Government ban on the export* of some items.

● These purchases have been made through two related companies in Swansea and in London.

The orders have links with other purchases made in Europe as part of an operation controlled by a Pakistani scientist who is believed to have acquired secret information from a uranium enrichment plant in Holland.

Pakistan's purchases first came to light last year when *Mr. Frank Allaun, chairman of* the Labour Party and MP for Salford East, pointed out that equipment known as frequency changers or inverters being made at Emerson Electrical Controls of Swindon for Pakistan could be used with gas centrifuges. The other, worth £1.25m was going through Weargate of Swansea. The British Government banned its export, but Weargate says it has *continued to sell other non*-restricted goods.

Purchases of other equipment have also been made. Inverters from Emersons were ordered through West Germany for shipment to Pakistan and were delivered before the British Government ban. Rotors for centrifuges were bought elsewhere in Europe. High vacuum *values came from Switzerland*, as did gas handling units which were required for vaporising uranium hexafluoride to be processed in the centrifuges.

Although Pakistan's budget allocation for its nuclear programme is only $40m per year, it is clear that much more is

The Kahuta building site is spread over hundreds of acres, probably accounting for more than the official nuclear budget by itself. There are residential and other buildings under construction, and a dam with *six slipways*.

According to diplomats work at Kahuta comes under the Special Works Organisation at 169 Kitson Road, Rawalpindi, *the military town next to Isla*mabad. In July this year the SWO placed notices for tenders in the local Press for the transport of 5,000 tons of cement before the end of the year to "Work sites 35 km from Rawalpindi," a description which fits Kahuta. The cement alone is worth $450,000.

The Special Works Organisation is the body to which Weargate Ltd. of Swansea says it has sold £800,000 worth of machine tools and other equipment during the last 18 months.

The man in charge of the SWO is Brigadier Anis Ali Syed *—an American-trained engineer* who was deputy director of military operations in the Pakistan army until appointed in June last year. He visited Britain from December 4 to 24 last year "on official business."

Other visitors to Britain last year were two retired army officers working for the Pakistan Atomic Energy Commission, *Major Mohammed Sadiq Malik*, a procurement officer, and captain Fida Hussein Shah, an assistant administrative officer.

The two men, who were also travelling to Switzerland, said they were to expedite the delivery from England of machinery and lathes which had been ordered and arrange for its shipment via Pakistan International Airlines.

In response to questions by British officials they said all arrangements had been made by their project director, Dr. A. Q. Khan. They gave the company they were to visit as S. R. International of Clovelly Avenue, London SW.

Dr. Khan is the Pakistani *scientist who used to work in* Holland and is now believed to be in charge of the uranium enrichment programme.

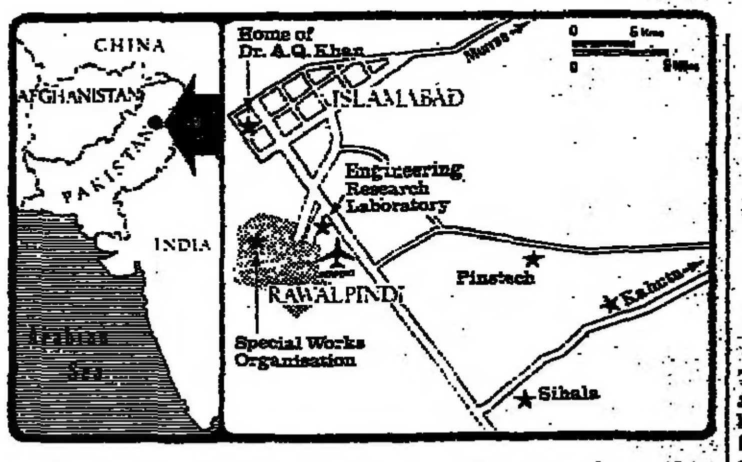
There is no Clovelly Avenue listed in south-west London. The only Clovelly Avenue is in Colindale, London NW9. But when Major Malik returned for a second visit to England in December 1978 he again gave his destination as S. R. International of London SW.

S. R. International or Source Reliance International of Clovelly Avenue, London NW9 operates out of number 27. Its directors are a Mr. and Mrs. Abdus Salam who live next door at number 25. Mr. and Mrs. Salam also own 66 per cent of *the Swansea company, Wear*gate.

Mr. and Mrs. Salam are at present on holiday in America and last week an employee of *the company refused to answer* any questions about it.

In Pakistan last month a spokesman for the Pakistan Atomic Energy Commission denied that Dr. A. Q. Khan worked there. But there is no doubt of his links with the nuclear research programme.

During a visit to an installation called Engineering Research Laboratory (ERL) at Islamabad Airport in June my colleague, Chris Sherwell, was told that Dr. Khan was a co-director of the establishment.



ERL is believed to be the transit point for nuclear-related equipment flown in from Europe by Pakistan International Airlines. It is now guarded by plainclothes security men.

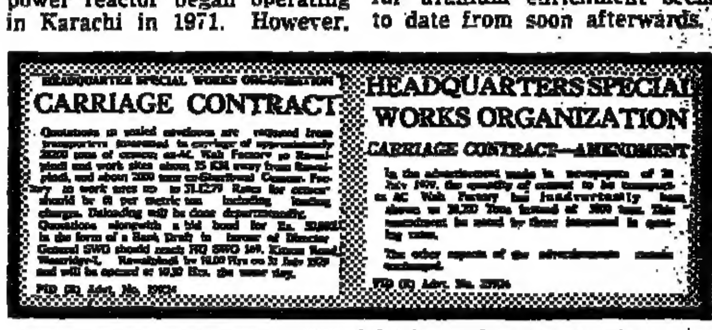
There is also little doubt about the sensitive aspects of Pakistan's projects. The French Ambassador to Pakistan and his first secretary were beaten up after driving past Kahuta in June. Chris Sherwell was attacked three days later outside the house of Dr. Khan in Islamabad.

Pakistan's nuclear ambitions are believed to stretch back 15 years when a 5MW American-supplied research reactor began operating at PINSTECH, the Pakistan Institute of Nuclear Science and Technology, just outside Islamabad.

A Canadian-built 127 MW power reactor began operating in Karachi in 1971. However, when India exploded a nuclear *device in 1974 it became clear* that Pakistan cherished the same ambition. Unfairly in Pakistani eyes, western help dried up, supplies of fuel for both reactors were cut off and training of scientists stopped.

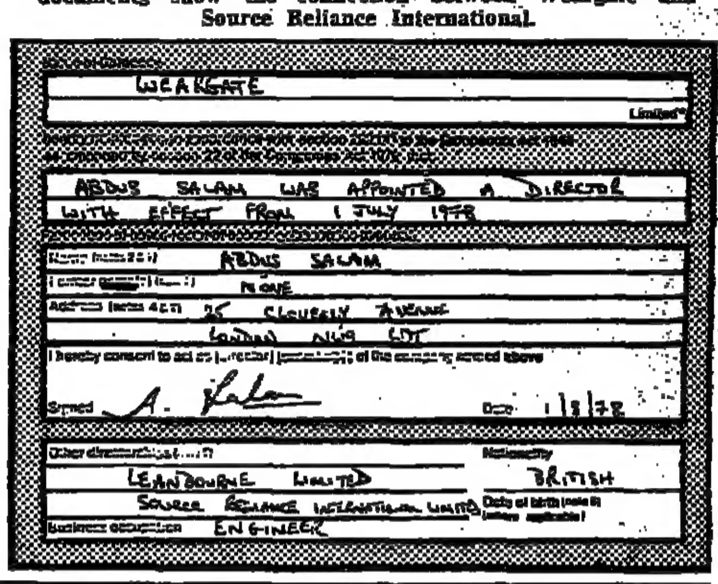
An even greater blow came last year when the U.S. persuaded France to stop building a nuclear reprocessing plant which would have given Pakistan access to plutonium.

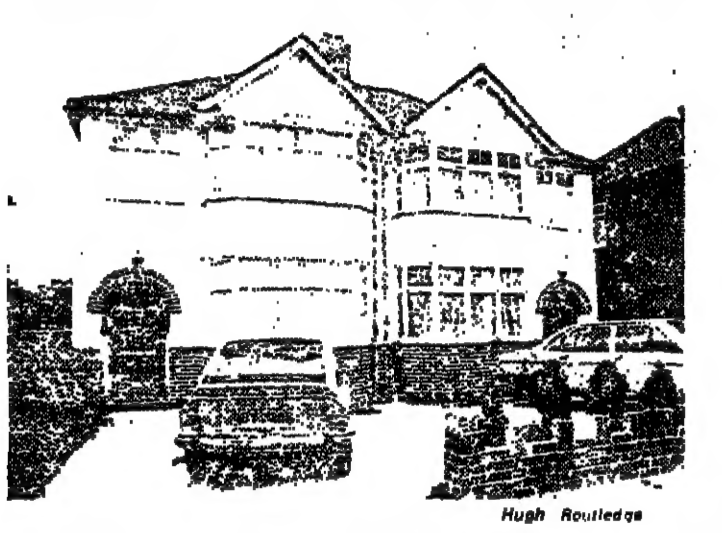
Essentially there are two ways of making an atomic bomb, with supercritical masses *of either plutonium or highly* enriched uranium. Pakistan, it was thought, was left with no option but to pursue the second method. Contracts for the French deal, formally exchanged in June 1976, had already begun to go foul by October that year. Preparations for uranium enrichment seem to date from soon afterwards.


HEADQUARTER SPECIAL WORKS ORGANISATION
CARRIAGE CONTRACT

HEADQUARTERS SPECIAL WORKS ORGANIZATION
CARRIAGE CONTRACT—AMENDMENT

Advertisements from the Special Works Organisation link it with the secret Kahuta plant—and Company House documents show the connection between Weargate and Source Reliance International.


WEARGATE Limited
ABDUS SALAM WAS APPOINTED A DIRECTOR WITH EFFECT FROM 1 JULY 1978
ABDUS SALAM
NONE
25 CLOVELLY AVENUE LONDON NW9 5DT
Signed A. Salam Date 1/8/78
Nationality
LEANBOURNE LIMITED BRITISH
SOURCE RELIANCE INTERNATIONAL LIMITED
Business occupation ENGINEER



Hugh Routledge

Last year two Pakistani officials went here on the instructions of Dr. A. Q. Khan.

Dutch forecast balanced current account

BY CHARLES BATCHELOR IN AMSTERDAM

THE NETHERLANDS current account is expected to be in balance this year after earlier forecasts of a Fl 1.5bn (£335m) deficit. The new estimate is contained in the draft of the macro-economic plan being drawn up by the Central Planning Office.

Visible trade is expected to show a deficit of Fl 5.25bn, only slightly smaller than last year's Fl 5.5bn. Although trade volumes have moved in the country's favour, the terms of trade are expected to worsen by *Fl 2.4bn owing to adverse move*ments of import prices compared with those of exports. In the first half of 1979, the visible trade deficit fell slightly to Fl 1.8bn from Fl 2bn last year.

The new forecast implies a considerable contribution to the balance of payments from "invisible" services like insurance, shipping and banking, since tourism is expected to show a continuing large deficit in 1979. In 1978, "invisibles" *showed a surplus of Fl 3.07bn*, the smallest surplus for seven years.

The Government recently announced extra support for the Dutch tourist industry but this will have little effect in the short run. The tourism deficit was Fl 4.65bn last year.

The Netherlands in 1978 recorded its first current account deficit—*of Fl 2.44bn*—for seven years.

● Dutch industry received slightly fewer new domestic orders in July, although the export order position was unchanged, the Central Statistics Office said. The index of the order position in terms of months of work rose to 100 from 98. It was lower than in July 1977 and 1978, however, when it stood at 103 and 101 respectively.

The monthly survey is based on more than 80 per cent of Dutch businesses, excluding those in the foodstuffs and tobacco sectors.

E. Germans urged to turn out higher quality goods

BY LESLIE COLITT IN BERLIN

EAST GERMANS are being told to treat reports about a worsening economic situation in their country as a "brazen lie" by "imperialists" in the West.

East Germany's top economics official adds, however, that his countrymen must improve the nature and quality of what they produce, if their present standard of living—the highest in the Communist world—is to be "*secured and gradually* improved."

The exhortation is from Herr Guenter Mittag, the Communist leadership's Secretary for the *Economy*. It comes amid persistent reports in East Germany of planned price-rises later this year for petrol and other highly subsidised and low-priced essential goods and services, because of higher prices for energy and raw materials. These are mainly imported from the Soviet Union.

In a speech to the research staff of the Carl Zeiss Jena works, prominently reported in yesterday's issue of Neues Deutschland, the main party newspaper, Herr Mittag says East Germany will not allow itself to be "diverted from the inviolable fraternal alliance with the Soviet Union by anyone or anything."

He accuses the West of generating rumours, which gain wide credence in Communist countries because of the absence of a credible Press, in order to distract attention from the West's own "deep-seated crisis."

The East German warning follows sharp criticism in neighbouring Czechoslovakia of its own economic performance. There, blame was put on industrial directors and government ministers. In East Germany, the economy in the first half year—although better than most of the other Comecon countries—fell *short of the plan*. Industrial output grew at 3.2 per cent, instead of the planned 5.5 per cent.

Herr Mittag called on factory directors to start talking about "actual products" to be turned out, instead of merely about the "scientific-technical work to be started."

Reddy in talks on political dilemma

By K. K. Sharma in New Delhi

MR. N. SANJIVA REDDY, the Indian President, yesterday continued discussions with representatives of political parties and constitutional experts on India's political crisis. He has been placed in a dilemma by Mr. Charan Singh's advice to *him to dissolve the Lok Sabha* (lower house of Parliament).

Pressure is being put on Mr. Reddy to ignore Mr. Charan Singh's advice on the grounds that the Prime Minister (now heading a caretaker Government) avoided facing Parliament *on a vote of confidence on Mon*day and so has not demonstrated that he ever had a majority.

Mr. Charan Singh resigned just 15 minutes before the debate on the vote of confidence was to begin, when it became clear that he would be defeated. Mrs. Indira Gandhi had announced that her Congress faction would vote against his coalition.

Emissaries of Mr. Jagjivan Ram, leader of the opposition and of the truncated Janata Party, also met Mr. Reddy to *press his claim to be asked to* form the Government. The demand is based on the claim that the Janata can muster a majority in the Lok Sabha and demonstrate this whenever required.

The claim is questionable since the Janata by itself has only 205 members in a house of 542. But Mr. Ram says that *he has been promised support* by many others, including some regional groups.

Mrs. Gandhi's attitude remains a mystery. If she indicates that she will support Mr. Ram, it would give substance to his claim. Mrs. Gandhi met the President yesterday again but refused to disclose what was discussed.

If *she* told Mr. Reddy that she favours early elections then it would be difficult for him to avoid dissolving Parliament.

Chad accord signed in Lagos

ABIDJAN, IVORY COAST—Nine rival groups in Chad signed an agreement in Lagos yesterday to form a government of national union with Frolinat (Chad) liberation front leader Mr. Goukoni Oueddei as President, Lagos radio reported.

The agreement ends a long-standing feud in the central African state,

Reuter

AUSTRALIAN BUDGET

Energy benefits among concessions to exporters and investors

BY JAMES FORTH IN SYDNEY

THE AUSTRALIAN Government has reduced the duty on export coal from A$3.50 ($£1.80) a tonne to A$1 for new open-cut coal mines.

The reduction was one of *a string of small concessions* to individuals, companies, exporters and investors announced in the budget brought down last night.

The existing 30 per cent tax rebate on share capital subscribed for local oil discoveries has been extended. This should provide a fillip to the share market as a number of petroleum exploration companies are at present arranging public flotations.

The reduction of the coal export duty does not affect existing open-cut coal exporters who will continue to pay A$3.50. The dominant open-cut coal exporter is Utah of the U.S. and the measure appears to discriminate heavily against the company.

Mr. John Howard, the Treasurer, delivered a relatively neutral Budget for 1979-80 because most measures had already been anounced in the "*mini-Budget*" *introduced on* May 24, and changes to the local crude oil pricing policy late in June.

In the mini-Budget the Government continued until at least November 30 a 2.57 per cent income-tax surcharge introduced in the 1978-79 Budget and which was due to end on July 1

It is also suspended tax indexation for a decision in yesterday's Budget where it was announced that it would not be possible to drop the surcharge and reintroduce tax indexation

The package revealed that the tax surcharge will end on December 1, which will increase average weekly earnings by about A$4.45 (£2.25).

Tax indexation will not be restored in 1979-80 and Mr. Howard said that whether it was restored in 1980-81 depended on general economic *conditions and wage decisions* by the Arbitration Commission.

The budget aims for an over all deficit of A$2.19bn which compares with an estimate of A$2.8bn in the 1978-79 budget, and an actual figure of A$3.48bn.

In fact last year's budget assumptions were wrong on several counts: the target money supply growth of 6 to 8 per cent ended up at almost 12 per cent; the inflation rate of around 5 per cent came out at 8.8 per cent and a forecast of lower interest rates proved incorrect.

The deficit target of A$2.19bn for the current year is within the $A2bn to A$2.5bn which most economists suggested would be responsible, but the wide margin of error last year may create some uncertainty over accuracy.

Business fared better than generally expected. The company tax rate remained unchanged at 46 per cent despite strong reports that it would rise to 47.5 per cent. Private companies are now allowed to retain 70 per cent of their profits rather than 60 per cent before they incur undistributed profits tax.

The budget assumes an inflation rate of around 10 per cent by mid-1980 and a money supply growth of no more than 10 per cent. No predictions are made *on interest rates*.

South Africa raises bank credit ceilings

BY QUENTIN PEEL IN JOHANNESBURG

CREDIT CEILINGS imposed on South African banks are to be raised by 4 per cent; following last week's cut in the bank rate to 7 per cent. Dr. Bob de Jongh, Governor of the South African Reserve Bank, announced the new ceilings yesterday.

The move is seen as a clear signal of the Government's desire to give further stimulus to the economy, which has failed to respond to repeated doses of cautious reflation.

But the continuing caution of the latest monetary measures underlines the likelihood of an *imminent package of fiscal mea*sures which might give a more immediate boost to flagging private-sector confidence and spending.

In his annual review of the economy *Dr de Jongh identified* several key problems preventing the economic revival from gathering momentum, and from reaping the benefit of the huge current-account *surplus, caused* by buoyant sales of gold and other minerals.

In spite of widespread liquidity in the economy—illustrated by the heavy over-subscription of recent share issues on the Johannesburg Stock Exchange—private-sector consumption and investment has refused to pick up over the past year.

Private consumer spending increased by only 1 per cent in the year to June 30, and gross domestic fixed investment decreased by 5 per cent. Real fixed investment in manufacturing decreased by 16 per cent, Dr. de Jongh said.

Money supply has been kept within strict limits by the conservative monetary policy of the Reserve Bank, yet the inflation rate accelerated in July to an annual rate of 12.9 per cent —much of the increase attributable to the fuel price rise.

The current account of the balance of payments was running at an annual surplus of R3.5b (£1.9bn) in the first quarter of 1979.

However, *an increase in oil* imports (which had dropped 40 per cent in the previous quarter) reduced the surplus to less than R2.3bn (£1.2bn) in the second quarter. The benefits of the mineral earnings have largely disappeared into Government revenue through higher mining taxes.

The benefit of the current account surplus has also been countered by a continuing heavy outflow of capital from the country. The net capital outflow worsened *from* R970m (£518m) in 1977-78 to R2.24bn (£1.19bn) in 1978-79.

Dr. de Jongh said that the new financial rand system introduced in January to encourage greater productive investment by foreign companies might have aggravated the capital outflow. Some companies might have used financial rand bought *at a discount to repay short*-term foreign loans.

The governor admitted that the need to attain a higher economic growth rate, and therefore lower unemployment, while suffering from a high and increasing inflation rate and possible balance-of-payments problems caused by the soaring oil bill, suggested no "obvious solution."

He said, however, that Senator Owen Horwood, the Minister of Finance, was considering a number of proposals to stimulate the economy. It is believed that such a package could be announced early next month after the meeting of the Prime Minister's Economic Advisory Council on August 30.

Nigeria reduces Soviet military training mission

WASHINGTON—The Nigerian Government has told the Soviet military training mission, which has been teaching Nigerians to fly and maintain their MIG-21 fighters, to cut its numbers early next year from 38 to only five advisers, American intelligence officials report.

A U.S. intelligence report detailing this development arrived here before the recent Nigerian election which will return the country to civilian rule on October 1 after 13 years under military control. There has been no indication that the election will change the Soviet mission cutback, the officials said.

The Nigerian air force was described as satisfied with the Soviet-supplied MIG-21 jets, but unhappy with the Soviet training mission. The U.S. intelligence report said Soviet advisers had been accused by Nigerians of "condescending attitudes" towards them.

AP

Israel may ease settlement rules

By David Lennon in Tel Aviv

THE GUSH Emunim settlement movement believes the Israeli Government is about to introduce new regulations permitting the purchase or easier expropriation of land on the occupied West Bank for Jewish settlements.

Members of the Kedumin settlement said this yesterday, after meeting Israeli officials following their enforced abandonment of a West Bank hilltop near their village which they had grabbed on Sunday.

Gush Emunim members said they took the Arab-owned land to draw the Government's attention to the fact that many of their settlements on the West Bank had insufficient land for expansion.

After meeting Mr. Mordechai Zippori, deputy Defence Minister, some of the settlers said they were convinced that more *land would be made available.*

They also briefly met Mr. Menahem Begin, the Prime Minister, who invited them to meet him again on Thursday *when he had time to study* their problem.

The settlers said they were assured the issue of land for Jewish settlements in the occupied territories would be discussed at Cabinet-level today.

Their spokesman said the Ministers were likely to consider permitting Jews to buy land in the territories and that a *proposal had been* put before the Ministry to apply to the occupied territories an Israeli law on the expropriation of land for public purposes.

Israeli land seizures on the West Bank have been slowed by a string of appeals by Arab landowners to the High Court. At least four cases are before the court, the most important *concerning confiscation of land* beside Nablus, the West Bank's largest town, for the Eilon Moreh settlement.

In all these cases, the Arab farmers argue that the claim that their land is needed by Israel for security purposes is spurious, if it is being given to Jewish settlers.

Many Israelis fear that applying expropriation law *to the* territories would evoke world-wide disapproval.

Reuter reports from Amman: Mr. Yasir Arafat, the Palestine Liberation Organisation leader, arrived in the Jordanian border town of Ramtha from Damascus yesterday, to discuss with King Hussein developments in the area

VATICAN AND CHINA

The wall of silence starts to crumble

BY PAUL BETTS IN ROME

SLOW BUT *significant steps* are underway to bring about a reconciliation between the Vatican and the Catholic Church in China.

For the first time since his election last year, Pope John Paul II has spoken openly about China, calling for a resumption of official relations between the Vatican and the Chinese Catholic Church, broken some 30 years ago during the Chinese civil war.

It is widely regarded as an *important diplomatic initiative* directed not only at Chinese Catholics but at the Peking authorities.

In 1949, China counted as many as 3m Catholics, 5,800 priests and some 100 bishops And now, for the first time since then, the independent Chinese church has given a signal, shrouded in the conventional caution, of its willingness to open a dialogue with the Holy See.

Pope John Paul's predecessor, Pope Paul VI, sought on *various occasions to open such* a dialogue. His last major attempt was made in 1970 in Hong Kong on his return from a visit to Australia and the Philippines. But all his initiatives were met by a wall of silence from China.

What is particularly significant is that the Peking Patriotic Catholic Association—as the church is officially known in China—should have reacted to Pope John Paul's call barely a week after it had accused the Vatican of interference in its affairs.

This followed the election of a new Catholic Bishop of Peking by the Association. In the eyes of the Vatican, the appointment of the Most Rev. Michael Fu Tieshan—the first of a Catholic prelate in China in 15 years—was not legitimate.

None the less, both the attack against Vatican interference and the insistence on the autonomy of the Chinese church in the Patriotic Association's reply to Pope John Paul are regarded by the Vatican not as a negative reaction but as part of the inevitable ritual in such cases.

In its answer to the Pope, the Patriotic Association indicated that Vatican recognition of the Chinese Church's independence was a prerequisite for any eventual reconciliation. In fact, recognition of the autonomy of the local church, a principle accepted by the Second Vatican Council, is not *likely to represent a major* hurdle.

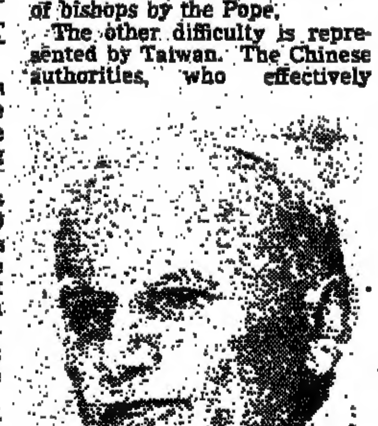
The main obstacles are likely to come from the hierarchy of the Chinese church and the Peking authorities over the appointment of bishops. At present, bishops are elected in China on a "democratic" system, but the Vatican would clearly insist on a nomination of bishops by the Pope.

The other difficulty is represented by Taiwan. The Chinese authorities, who effectively control the Patriotic Association formed in the 1950s, clearly want the Vatican to break relations with Taiwan.

The Holy See has increasingly toned down these relations. China has indicated that negotiations for a rapprochement with the Vatican will inevitably be difficult as long as Taiwan maintains a formal diplomatic representation to the Holy See in Rome.

Despite these significant obstacles, there has already been a marked improvement in relations between Peking and the Vatican.

Perhaps most significantly, the Chinese authorities indicated last March they were willing to allow the Jesuits to reopen their famous university in Shanghai.



A sunburned Pope John Paul pictured on his return earlier this year from his tour of Mexico

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Radicals to boycott Basque referendum

By Robert Graham in Madrid

HERRI BATASUNA, the radical Basque political group, has decided to carry out an "active" campaign to boycott the forthcoming referendum on the Basque Autonomy statute.

This threatens to turn the referendum, planned for early October, into a confrontation between moderate and militant Basque nationalist forces.

Herri Batasuna won 25 per cent of the vote in the two main provinces of the Basque country at the March general elections. The group refused to take part in discussions on the Autonomy Statute, finalised at the end of July. It also has refused to occupy its three national Parliamentary seats.

Although a boycott had been expected, the vigorous terms in which it is now being proposed has aroused concern.

Representatives of Herri Batasuna claim that the Statute is wholly inadequate, disagreeing with parts of virtually every article. In particular it opposes the absence of any mention of Basque sovereignty.

There is also strong opposition to the barriers in the Constitution that inhibit the incorporation of the fourth Basque province, Navarre, into the new autonomous entity.

Herri Batasuna at the same time has done nothing to dissociate itself from the continued actions of ETA-Militar, the most hardline of the groups within the Basque separatist organisation.

While another group, ETA-Politico-Militar, has formally called off violence for the time being, the ETA-Militar group has killed four people and wounded 10 since the beginning of August. This is in addition to a continuous series of bombings, the most dramatic being the weekend attack on the Basque General Council building in Bilbao.

STOPPAGE OVER STAFFING LEVELS AND CONDITIONS STARTS TODAY

Strike will cut French rail services by 75%

BY DAVID WHITE IN PARIS

ABOUT three-quarters of the French railway system will be out of action today and tomorrow because of a strike over drivers' staffing levels and working conditions.

The three unions which called the strike said it would be a "warning shot" to the authorities in anticipation of a more drastic stoppage from September 10 to 15. The unions represent about 90 per cent of drivers on the State-owned SNCF network.

The strike is due to last until Friday morning. Main-line services were being cut last night. Only one in every four or five trains is expected to run, and Paris suburban services are due to operate at 25-30 per cent of normal levels.

The unions are protesting against the Transport Ministry's decision to start operating single-driver goods trains on routes equipped with new radio communications.

The SNCF expects the caoin shrdlu etaoin etaoin shrdl decision, in the offing for some time, to result in an initial staff reduction of 600. But the unions claim it will eventually mean 10,000 fewer jobs if the one-driver principle is applied throughout the network.

They say the move is a safety risk and entails harder working conditions, particularly at night. page would involve all the SNCF's 260,000 employees.
SNCF's 260,000 employees.

The main French union federations are also waging war on the Government's policy of abandoning price controls. They have denounced recent sharp price increases for fruit and vegetables, blaming them on speculation and lack of real competition.

M. André Bergeron, head of the Force Ouvrière union, has attacked "the scandalous behaviour of middle-men." But M. René Monory, Economy Minister, said in a radio interview that the price fluctuations were "a normal phenomenon."

The Government would stick by its liberalisation policy, applied last year throughout the industrial sector and gradually being applied to services.

It is thought, however, that controversy about the scale of some increases, particularly for bread—that most symbolic commodity—may lead the Government to delay its plans in this direction.

M. Rene Monory

Turkey continues martial law

By Metin Munir in Ankara

MARTIAL LAW, in effect in 19 of Turkey's 67 provinces, was extended for two more months yesterday.

Parliament was recalled from recess to vote in favour of the extension, which the Government had called for on the grounds that organised terrorism continued to be a threat to democracy.

Martial law was declared eight months ago following a massacre of 110 people in eastern Turkey. It covers principal cities such Ankara and Istanbul as well as eastern provinces bordering Iran and Iraq.

The Government wants to check separatist movements in these areas, which have predominantly Kurdish populations.

Mr. Hasan Fehmi Gunes, Interior Minister, asked Parliament for a national policy against organised terrorism. "The threat is directed to us all and against our people and democracy.

One right-wing Opposition party did not attend the sitting, while the other two, including the Justice Party of Mr. Suleyman Demirel, the former Prime Minister, voted against it.

Despite martial law, an average of 100 people are losing their lives in Turkey every month in politically motivated terrorism.

Demand for cars may be slowing in West Germany

BY JONATHAN CARR IN BONN

THE WEST GERMAN car industry, which followed up the boom year of 1978 with further record-breaking performances early this year, could now be facing a downturn in domestic demand. But new energy-saving models under development brighten the longer-term sales outlook.

Figures for release today for vehicle production and new registrations cover only the month of July, so that caution is in order in forecasting a change in trend.

None the less, both sets of statistics appear to indicate that the setback for the industry prophesied during the recent oil supply difficulties and price rises may now be setting in.

The figures show that 259,100 motor vehicles of all kinds were produced in West Germany last month, 238,400 of them cars and estate wagons. A direct comparison with July last year shows a production fall of 9 per cent, although adjustment for differing holiday periods cuts that figure to a fall of 4 per cent.

While demand for cars appears to be slackening at home but is buoyant abroad, the position is reversed for commercial vehicles. The upsurge in other key sectors of West German industry is boosting domestic demand for these vehicles while foreign demand stagnates.

Despite the fall in July, passenger vehicle production figures for the first seven months, at 2.4m, surpass the figure for the same period of last year by about 3 per cent, thanks to the surge with which 1979 began.

New vehicle registrations in July, at 285,438, were down by 5.2 per cent against the same month last year and by 18.7 per cent against June. Passenger vehicle registrations alone dropped by 6.5 per cent against last July, while those of motor cycles jumped by 20.5 per cent.

It would be premature to deduce from these figures that the love of the West German for his car is ending at last. The Federal Republic remains one of the few havens with no formal speed limit on its motorways, and the price of petrol is lower than in most neighbouring countries, despite recent increases.

Many West German manufacturers are turning their attention to the cars for the 1980s and beyond—with a cut in fuel consumption one of their prime concerns. Some indication of their plans will emerge at the international show in Frankfurt next month, where such features as light-metal components to reduce weight and five-speed gearboxes will be on display.

Nevertheless, the kind of records set last year—when nearly 3.9m passenger vehicles left the production lines, more than 2.8m new licences were issued and 5.2m used cars changed hands—look as though they will be increasingly hard to surpass.

Norway trade balance moves into surplus

By Fay Gjester in Oslo

NORWAY more than halved its current account deficit in the first six months of 1979 to NKr 3.35bn (£299m) from NKr 7.03bn in the same period last year.

Preliminary figures from the Central Bureau of Statistics also showed a surplus of NKr 1.77bn on foreign trade in goods and services in the first half compared with a deficit of NKr 2.83bn in the same period a year earlier.

Exports of services, oil and gas, second-hand ships, and traditional goods all increased,

Workers funds hot seat for Swedish editor

By William Dullforce in Stockholm

THE LIBERAL minority government has appointed a Social Democrat, Mr. Allan Larsson, as chairman of a key commission evaluating plans for worker share-holding funds. The worker funds are likely to be one of the hottest political issues in Sweden in the 1980s.

Mr. Larsson, 41, is chief editor of the Co-operative Organisation's weekly magazine. He has been Labour Under-secretary of State in the last Social Democrat government and chief planner for the metalworkers' union.

A union federation proposal for share-holding funds to be financed from company profits and administered by the unions was one of the most controversial issues in the 1976 general election, in which the Social Democrats lost power for the first time in 44 years.

Drop in Italy trade surplus

By Paul Betts in Rome

ITALY'S OVERALL balance of payments recorded a L382bn surplus (£210m) last month, according to Bank of Italy figures released yesterday. This is considerably lower than the L1,095bn surplus of July last year.

The sharp decline at a time of sizeable receipts from tourism reflects in large measure substantial international loan repayments of some L1,100bn.

However, the trade account is now coming under pressure because of increased prices of energy imports, which will cost Italy an additional L4,000bn in the next 12 months. The monetary authorities are also concerned about the continuing acceleration in retail price inflation, currently about 15 per cent.

In contrast, the invisibles account is expected to be swelled by record tourist receipts this year which are estimated at a record L6,500bn to L7,000bn compared with L5,000bn in 1978.

In the first seven months of this year, the overall payments surplus totalled L1,867bn, compared with L3,234bn during the same period last year, a total which would clearly have been more substantial if international loan repayments are not taken into consideration.

The current figures are consistent with the country's expected payments trend this year, which is likely to see the remarkable L7,000bn overall surplus of 1978 more than halved.

Portuguese industrialist shot dead in ambush

BY JIMMY BURNS IN LISBON

A PORTUGUESE industrialist accused of organising a series of bomb attacks against left-wing targets in 1975, has been shot dead in an ambush in northern Portugal.

Police announced yesterday that Sr. oaquim Ferreira Torres was killed in a machine-gun attack while driving alone near Oporto. Two passers-by found his body in his bullet-riddled car, but there were no witnesses to the actual killing.

While responsibility has not yet been claimed for the killing, Sr. Torres's death has generated considerable unease.

Yesterday's machine-gun attack, the first on a public figure in Portugal since the revolution five years ago, comes only weeks away from the General Election. The killing may be an isolated incident, but there are fears of it being part of an extremist campaign.

Sr. Torres was one of the main accused among 16 members of an extreme right-wing organisation called the Democratic Movement for the Liberation of Portugal, which carried out bomb attacks o nSocialist and Communist centres in northern Portugal and on Cuban and Angolan representative offices in Lisbon.

Five men were sentenced to heavy prison terms, but Sr. Torres' acquittal was declared null an dvoid last April. He was to face a new trial by military tribunal later this year.

Sr. Torres was the owner of a leading textile company in northern Portugal, and had links industrial concerns in Spain. He was to have stood as a candidate in next year's municipal elections.

MENACE, MYTH OR MAGIC FORMULA?

see page 19

AMERICAN NEWS

Carter gets boost in Iowa

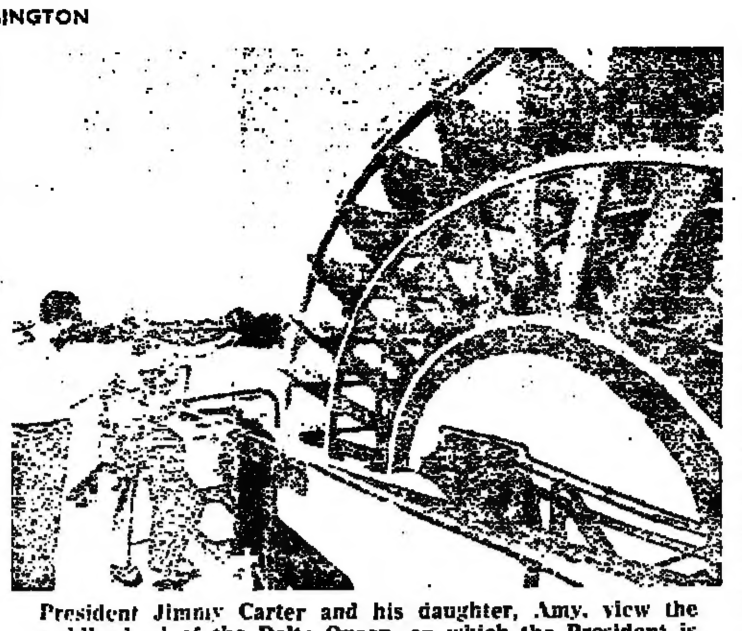
BY DAVID BUCHAN IN WASHINGTON

PRESIDENT JIMMY CARTER seems to be making a strong showing in Iowa, the state that gave him his first nomination victory in the 1976 election campaign, with several planned and unplanned stop-offs in Iowa towns from the Delta Queen paddle boat.

Mr. Carter told reporters travelling with him that he considered the unexpectedly heavy turnout of people at river locks and riverside towns "a non-partisan expression of support for the Presidency."

But Iowa, whose state Democratic Party caucus will make its Presidential selection next January, before the primary election season proper opens in other states, is a key to the President's sagging political fortunes. A victory there again would at least blunt the threat of a "write-in" campaign for Senator Edward Kennedy in the Democratic presidential primary race in New Hampshire in February.

Keenly aware of this, Mr. Carter has been unflagging in his efforts to woo the voters of Iowa bordered on the east by the Mississippi River. During his appearances he has been attended by Iowa's Democratic Senator John Culver.



President Jimmy Carter and his daughter, Amy, view the paddlewheel of the Delta Queen, on which the President is taking a week-long "working vacation." At left is Captain Fred Martin.

Mr. Culver is one of five liberal Democratic Senators whom conservatives will try to topple with a media blitz next year. Although he has been a critic of the President's energy policy, Mr. Culver obviously does not think close identification with Mr. Carter will compound his already difficult fight for re-election in Iowa in November 1980.

But Senator Alan Cranston of California, another of the five liberal Senators under attack, yesterday announced that he would not be supporting Mr. Carter for the Democratic nomination.

In several informal Press conferences in recent days, Mr. Carter has sought to keep what he clearly regards as the start of a second political honeymoon free from awkward issues such as the resignation of Mr. Andrew Young, his Ambassador to the United Nations, and the current disarray of his much vaunted Middle East policy.

His comments on both issues have been neutral and restrained. Instead, the President has harped on the need for energy conservation and for people to press the Senate to pass a tough windfall tax on oil company profits.

NY banks hit by wave of hold-ups

By Stewart Fleming in New York

A WAVE of bank robberies in New York this month is forcing hard-pressed law enforcement agencies to look for new ways of deterring the city's criminals.

On Monday alone, five New York banks were robbed in minutes, and one teller was slain by a lone thief, who shot although a bank official had already handed over money.

As a first step towards tackling the hold-ups, the New York police and the Federal Bureau of Investigation last week announced plans for random stake-outs of banks. They hope that a thief might be deterred if he knows he might walk into a bank containing armed police.

But critics say there are too few law enforcement officers, compared with the number of banks in the city, for the plan to work.

The decision was announced last week, after a policeman was shot and killed by a robber fleeing a bank he had just robbed. The man was eventually caught, but the chase had been confused by a robbery at another bank nearby.

There were over 80 bank hold-ups in New York in the first two weeks of this month, according to police figures. So far this year, there have been 570 bank robberies, compared with 628 over the year in 1978 and the record of 755 during 1977. Police expect the record to be beaten this year.

The increase in New York bank robberies is mirrored elsewhere in the U.S. In the first eight months of the fiscal year beginning in October, 1978, there were 2,608 bank robberies, according to the FBI, compared with 2,718 in the same period last year.

U.S. envoy in talks on Caribbean aid

Mr. Philip Habib, the U.S. Envoy, left Barbados yesterday for St. Lucia, after top-level talks with Government and Caribbean Development Bank officials, Reuter reports from Bridgetown, Barbados. Mr. Habib started a tour of the Caribbean last week amid concern in Washington over what some see as the growing influence of Cuba.

Nicaragua taking over Somoza's land

The land holdings of Gen. Anastasio Somoza, the deposed President of Nicaragua, and his associates, amounting to about 50 per cent of Nicaragua's cultivatable land will be completely expropriated by the end of the year, a member of the ruling junta has announced, Reuter reports from Managua. The State had already confiscated 137 companies owend by the Somoza family, as well as large tracts of land, he said.

Sohio wants equity in pipeline

ANCHORAGE—Standard Oil of Ohio, BP's U.S. subsidiary, would want an equity interest in the Alaskan natural gas pipeline if it was to help finance its construction, said the chairman, Mr. Alton Whitehouse.

Mr. Whitehouse and other Sohio executives are in Alaska this week for a meeting of the Board of directors in Fairbanks on Thursday. They also plan to visit Prudhoe Bay and Valdez, the oil pipeline terminal.

The proposed 4,800-mile pipeline, which would follow the Alaska Highway, is expected to cost about $12bn, and the companies involved in the project, headed by Northwest Energy, are having difficulty arranging financing.

Sohio, Exxon and Atlantic Richfield own the natural gas which will be transported by the pipeline.

Mr. Whitehouse said his company would also want to participate in the engineering, construction and start-up of the pipeline, adding that the other major producers would want to do the same.

"We would probably not be willing to participate on any other terms, and I doubt that the other producers would," he said.

The three producing companies last week met Dr. James Schlesinger, the outgoing Energy Secretary, to discuss possible participation in the Northwest Gas pipeline project, he said.

The meeting dealt with whether the Federal Government would waive certain aspects of antitrust laws, so that the companies could discuss possible financing arrangements for the pipeline.
Reuter

Welfare 'worsens plight of poor'

BY BRIJ KHINDARIA IN GENEVA

THE U.S. welfare system discourages people from improving their lives and finding jobs, and has worsened the plight of poor people, according to a study published by the International Labour Office (ILO).

However, one in every four American families would have had pre-tax incomes below the official poverty line in 1976, if it were not for policies designed to raise the incomes of the poorest people.

But the welfare programmes are usually ill-conceived and treat the symptoms of poverty rather than its causes. The main cause of poverty in the U.S. is the inability of the poor to find appropriate jobs, largely because they are unsuitably trained or lacking in skills.

This "dismally low" earning capacity has been worsened by the present welfare system. While substantial progress has been made in assuring minimum standards of food, housing, education and medical attention for the poorest people in the U.S. during the past decade, the welfare system should be reformed to make welfare recipients more capable of taking jobs.

Income transfer policies have had a "powerful, direct impact" on reducing poverty, whether in the form of social insurance, such as Medicare for the aged, and income assistance, such as cash help for large families, or help in kind such as food stamps.

The poorest people in the U.S. are usually large families headed by aged people, single people, and non-whites, the study says.

CHARTER FOR THE FBI

After a clean sweep of Hoover's men

BY NANCY DUNNE IN WASHINGTON

THE IMAGE of the clean-cut, incorruptible FBI man has undergone a radical change in the U.S. in the past decade.

Since the death in 1972 of Mr. J. Edgar Hoover, director of the agency since its foundation, charges of illegal wiretappings, break-ins, mail openings, blackmail and widespread harassment of political dissidents have poured forth.

In 1965 polls found that 84 per cent of all Americans had a "highly favourable" view of the bureau. Ten years later the number of enthusiastic supporters had dropped to 37 per cent. Now, as Congress is preparing to consider an FBI charter spelling out its authority, the bureau is still widely distrusted.

Mr. Hoover's immediate successor, Acting Director L. Patrick Gray, an attorney and political supporter of President Richard Nixon, brought the agency its first public disgrace. He vacillated in pursuing the investigation of the Watergate break-in and admitted during the Senate Watergate hearings that he had destroyed evidence at the suggestion of the White House. Mr. Nixon was forced to withdraw his nomination as director and, instead, appointed a colourless former police chief, Mr. Clarence Kelly, who kept most of Mr. Hoover's cronies in power but apparently ended the agency's illegal activities.

Mr. Hoover presided over the bureau for nearly half a century. The Senate, attempting to prevent further abuses of what Senator Robert Byrd called an "autocratic control unchecked by either executive or legislative oversight," passed a Bill, while approving Mr. Kelly's nomination limiting FBI directors to a single 10-year term of office.

To restore both bureau morale and public trust, the Justice Department indicted several agents, but charges and disciplinary actions were ultimately dropped by Mr. Griffin Bell until recently Attorney-General, and Mr. William Webster, the current director.

Mr. Bell settled for announcing the prosecution, still to take place, of Mr. Gray and two other top bureau officials on a charge of conspiracy to violate the civil rights of anti-war radicals by permitting illegal break-ins, wiretaps and mail openings. Mr.

Clarence Kelley, top, kept most of J. Edgar Hoover's cronies in power when he took over as FBI director. His successor, William Webster, below, made a clean sweep.

Webster, a former Federal judge who attributed the bureau's lapses to the "climate of the times," discharged two supervisors, disciplined two and censured two agents, but refused to take action against 59 others allegedly involved in misconduct.

The question of punitive action now more or less settled, the agency and the Justice Department have produced a 51-page legislative charter, designed to specify the agency's powers and to protect citizens from overzealous agents. The bureau now operates under authority granted in one paragraph of a 1908 law.

"The controversies in past years regarding particular actions of the bureau, such as those directed at Dr. Martin Luther King and various other persons and organisations, are to some degree attributable to this lack of statutory direction," President Carter said in presenting the proposed charter to Congress. But so far, the charter has only produced more controversy, which will intensify when it comes up for debate. Liberals want agency powers clearly defined and limited, while conservatives want it flexible enough to leave the bureau unfettered for the business of catching crooks.

It places extensive, but not absolute, restrictions on the use of informers, undercover agents, electronic surveillance and mail opening. The employment of undercover agents—including lawyers, doctors, journalists and clergymen—is endorsed, but their involvement in criminal conduct is restricted.

Civil libertarians are up in arms because the charter contains no explicit prohibition of activities designed to disrupt political groups.

The bureau has gradually been shifting its emphasis from street crime, bank robberies and kidnappings, which brought Mr. Hoover headlines and adulation, to the more complex task of ferreting out white-collar criminals. The new direction is recognised in the charter, which gives the FBI the power to demand access to private, confidential information like bank records, without first obtaining search warrants or grand jury subpoenas. This, the liberals say, is dangerous authority to grant an agency with such a record of abusing individual privacy.

Mr. Webster, who has quietly made a clean sweep of Hoover men in the agency, is prepared to fight for a retention of all provisions which "strike the proper balance." The legislation was introduced by Senator Edward Kennedy, chairman of the Senate Judiciary Committee, although he expressed reservation about some "troublesome provisions."

The Senate has been trying without success for some years to pass a badly-needed revision of the nation's criminal codes. Although an FBI charter is wanted by all sides, its passage may be just as tricky.

WORLD TRADE NEWS

Iran to go ahead with Airbus order

By David White in Paris

THE SALE of six A300 Airbuses to Iran is to go ahead as originally planned before the revolution, Airbus Industrie said here yesterday. However, Iran Air has cancelled an order for three Boeing 747s.

Doubts about the contract arose at the beginning of the year when Iran Air cancelled some of its options for other aircraft and returned two A300s which it had on lease from the European joint venture.

The company said Iran Air had confirmed its six firm orders and three options, agreed in March last year.

At the time of the contract, Airbus Industrie agreed to lease two aircraft, due to be returned when the first of Iran Air's own Airbuses were delivered, in order to meet the airline's immediate needs.

However, the airline sent them back early in April this year. The aircraft had been grounded in Tehran for several months. The six Airbuses on order are due to be delivered between early 1980 and 1983.

Reuter reports from Tehran that Iran Air has cancelled the purchase of three of the five Boeing 747s it had ordered. The airline's new managing-director Qassem Shakibnia, told a Press conference that Boeing had agreed not to demand any compensation for the cancelled Jumbos.

He said Iran had tried to cancel the purchase of two other Jumbos but had changed its mind when Boeing demanded $18m as a cancellation fee.

● Fluor Corporation said in California that it and Thyssen Rheinstahl Technik had resumed construction at Iran's petroleum refinery near Isfahan, where work had been interrupted earlier this year by the revolution.

Fluor said the National Iranian Oil Company, owner of the refinery, recently paid the Fluor Thyssen joint venture $50m of accrued obligations to ensure resumption of construction.

UK finance for Thailand

THE MIDLAND BANK has arranged a loan of $11.5m to help pay for the UK portion of a contract from Thai Airways International for two European A-300 Airbuses. The deal is being underwriten by the Export Credits Guarantee Department.

This is the second ECGB guaranteed loan in support of an Airbus Industrie contract since the UK Government rejoined the consortium on January 1. The first was for two A-300 jets for Brazil.

The loan now agreed represents 20 per cent of the credit finance for the contract, the bulk of the cash being supported by the export credit insurance organisations in France (COFACE) and West Germany (Hermes).

Brazil delivers first helicopter

By Diana Smith in Brasilia

HELIBRAS, THE joint venture between Aerospatiale of France and Cruzeiro do Sul of Brasil, has delivered the first Brazilian assembled Ecureuil helicopter to the Brazilian Navy.

The Helibras plant in Juruba, Minas Gerais state, will shortly go into full operation, producing two helicopters a month. In due course, helicopter turbines will be assembled in Brazil by the Rolls-Royce-Turbomeca joint operation, initially using imported components, but gradually raising the ratio of locally made materials.

Jaguar deal

The aviation subsidiary of M. L. Holdings—M. L. Aviation—has won an order worth more than £1.5m from British Aerospace for the supply of weapon carriage and release equipment for use with Jaguar aircraft being produced in the UK for export. The order follows M. L.'s announcement in June of another order worth more than £1.5m from the West German Government.

Canada credit for China

By Our Ottawa Correspondent

BANK OF CHINA officials yesterday signed an agreement with Canada's Export Development Corporation for a $2bn five-year line of credit for future of sales of goods in services from Canada.

Officials would not reveal the terms of the financing "because of international competition." They would only say it was for long term loans and capital goods and services, particularly Canadian built industrial equipment.

Although the EDC is a Government owned agency, a spokesman stressed that no taxpayers' money was being used for the deal.

France asked by EEC to explain new textile 'visas'

BY OUR BRUSSELS CORRESPONDENT

THE EEC Commission has asked the French Government for a formal explanation of its new regulations requiring "entry visas" for imports of woollen goods from other community countries, in contravention of EEC free trade rules, a Commission spokesman said in Brussels yesterday.

Britain, Italy and West Germany have complained that the practice amounts to the introduction of import licences, despite French insistence that the so called "visa" is merely a means of compiling statistics of a growing trend which is worrying French manufacturers. Imports of pullovers into France from Italy increased by 35 per cent in the first five months of this year.

The commission request for an explanation is the first step in a long process of consultation and compromise before a case can be brought before the European Court in Luxembourg.

The Commission spokesman said that if France wanted to exercise such a statistical control it could find a means of doing so without breaching the EEC Treaty of Rome. But it is expected that the French are likely to protest that the new regulation does not impose quantitative restrictions on imports and so does not contravene the treaty.

Elaine Williams adds: Accusations by British companies of two cases of dumping within the European Economic Community are to be investigated by the EEC Commission.

One case involves imports of saccharin from China, Japan and the U.S., the second concerns car stereo cassete heads from Japan.

Investigations into the dumping of saccharin have begun mainly at the request of Boots, Britain's sole manufacturers of industrial saccharin, which is used in the food and drink industry.

A spokesman for Boots said yesterday: "We have produced evidence for the Commission which shows that imports are being sold at below our manufacturing price and, we believe, the importers' manufacturing price. This constitutes dumping."

The second case has been called by Magnetic Components, a small Falmouth-based subsidiary of Plantation Holdings. Magnetic Components claims that cheap Japanese imports of car stereo cassette heads are being bought by Italian and German manufacturers of cassette systems and are undermining its EEC export business.

Only a month ago Mr. John Knott, Secretary of State for Trade, visited Brussels and asked the Commission to give greater consideration to regional problems. Falmouth, where Magnetic Components is based, is a special development area, and the effect of dumping on this company could be detrimental to the area as well as the company.

World tourism increases by 7%

BY JOHN WICKS IN ZURICH

THE NUMBER of tourist journeys taken last year was 262m, a rise of 7 per cent on 1977 figure, according to the Organisation for Economic Co-operation and Development (OECD).

Excerpts from the OECD's annual tourism report, to be published next month, have been released here by the Swiss Tourism Federation.

The report says that 178m visits or 68 per cent of the world total, were to OECD countries, including Yugoslavia.

In 1978, tourist earnings in OECD countries are reported to have risen by an average 5.6 per cent. However, tourist expenditure fell by 1.5 per cent in the UK and by 1.2 per cent in Spain and 16.7 per cent in Japan. Although a fall in tourist expenditure was reported for Spain, the number of entries across the frontier actually rose by 16.6 per cent in 1978.

A number of OECD members reported a decline in international tourism last year. In Belgium the total number of overnight stays fell by 7.8 per cent after drops of 1.6 per cent in 1976 and 3.7 per cent in 1977 and in Holland there was a decline of 5.1 per cent in overnight stays.

Visits by foreign tourists also fell in 1978 in terms of total overnight stays by 1.2 per cent in Denmark and 1.5 per cent in Switzerland, by 3.7 per cent in Norway and in terms of border-crossings, by one per cent for Turkey.

The biggest increases in international tourism last year were recorded by Portugal, whose total overnight stays rose by 22.5 per cent after a jump of over 37 per cent in 1977, and Yugoslavia, where there was a rise of over one-fifth in overnight stays.

The importance of domestic tourism is often underestimated, according to a Swiss Tourism Federation commentary on the OECD report. Domestic guests account for some 90 per cent of the total in West Germany are the U.S. and between 70 and 80 per cent in Sweden, Belgium, Finland and Italy.

Forecasts by OECD members are said to be "almost wholly confident" and there were no indications of a slackening in the international tourist volume in the OECD area.

The UK was reported to be expecting slight increases for 1979 and 1980. The U.S. is expecting six per cent more foreign visitors this year and estimates an increase of about three per cent in U.S. tourists abroad.

Australia is expecting a rise of 10-15 per cent a year in guests from abroad until 1982.

Import curbs in Malta expected

BY GODFREY GRIMA IN VALETTA

A FRESH round of import restrictions aimed at narrowing Malta's visible trade gap is expected to be launched shortly by Premier Dom Mintoff's Administration.

Importers of various commodities including soft drink concentrates, pharmaceutical goods, tea, rice, tinned meat aond fish, cheese and coffee are *being called in daily to* meetings with trade minister Dr. Patrick Holland and being asked to play a part in bringing down the island's imports bill. Importers are also being asked to advise the government on how this can be achieved without shortages developing.

Last week the heads of the island's five leading soft drinks bottling companies were told by Dr. Holland that the Government favoured the production of a new orange-based beverage in preference to the number of existing "synthetic" drinks.

Dr. Holland added that a friendly African country had offered to provide the basic ingredient for the new beverage.

The bottlers, who produce such international beverages as Coca Cola, Pepsi, Seven Up and Canada Dry products were asked to submit their views to the government in writing within a few days.

Other than employing 2,000 people, Malta's soft drinks industry services a highly successful tourist industry and is a major client for the Government controlled radio and television stations.

Last week importers of pharmaceutical goods were also informed of the Government's policies by Dr. Holland. They were urged to cut imports immediately.

On Monday it was the turn of importers of tea, rice and tinned meat and fish. They were similarly told that the Government wanted to cut down imports and they were urged to report in writing how this could be done without the consumer suffering too much.

A separate meeting was held at the Ministry of Finance for sugar importers and yesterday it was importers of cheese who met Dr. Holland.

Manila resumes power project

BY DANIEL NELSON IN MANILA

WESTINGHOUSE confirmed yesterday that it has been instructed to resume work on the non-nuclear part of the $1.1bn nuclear plant in the Philippines.

The resumption was ordered by President Ferdinand Marcos in a letter dated August 8 to the Minister of Energy and the chairman of the National Power Corporation (NPC). The president was acting on a recommendation of the commission of inquiry which he set up to review the project in June, at the same time as he ordered all work to cease.

A Westinghouse spokesman said the order affects about half of the 2,000 workforce. The NPC estimates that it has spent $420m on the project and has lost a further $60m since the suspension of construction.

Three other developments appear to have increased the likelihood of the project being pushed through. The U.S. Nuclear Regulatory Commission has given the go ahead for the export of the auxiliary waste storage tanks, the ban on which caused construction delays in January. The tanks are expected to arrive on September 12.

Second, president Jimmy Carter has written to Mr. Robert Kirby, the Westinghouse chairman, saying he would do everything possible to ensure that the licensing procedure was not unduly delayed but that some safety aspects would have to be solved by the Philippine Government. This softens an earlier comment by U.S. Secretary of State Mr. Cyrus Vance that the decision on safety factors would be made by Washington.

Third, five U.S. scientists are flying to Manila to advise the commission of enquiry on the analysis of the evidence it has collected, a move which would give credibility in Washington to the Commission's decision.

Norsk Hydro to set up U.S. plant

BY FAY GJESTER IN OSLO

NORSK HYDRO, the Norwegian chemical, oil and light-metals concern, is to establish an aluminium fabricating plant in Florida, and is currently forming a new U.S. company, Norsk Hydro Aluminium, to manufacture and market its products.

Announcing this in Oslo, Hydro said the plant, scheduled to start up in summer, 1980, will make aluminium precision-drawn tubes and quality extruded aluminium shapes. In addition, it will sell sheet, coil and other aluminium products made by Norsk Hydro's various European plants.

Norsk Hydro currently produces 120,000 tonnes of aluminium a year in Norway, and is planning to expand primary aluminium capacity by up to 47,000 tonnes annually.

It makes extruded products in seven countries in Europe, and its tube and extrusion plant in Denmark is already a major supplier of precision-drawn tube to European car manufacturers.

The new facility in Florida will aim particularly at satisfying the expected demand for precision - drawn aluminium tubes for the car industry. It will also aim to supply the local market for quality extruded shapes.

Norsk Hydro has been established in the U.S. for 30 years, with a sales office in New York. The Florida company will, however, be its first wholly-owned U.S. production subsidiary.

Turkey 'to shift trade emphasis'

ANKARA—Turkey is shifting the emphasis of its trade policy away from its traditional Western trading partners and towards its regional neighbours, Africa and East Europe, Trade Minister Teoman Koprululer said yesterday.

He said the Government of Premier Bulent Ecevit was also developing economic relations with fellow Islamic countries. He added that Turkey, one of the countries worst affected by the soaring cost of oil, was spending all its export earnings to import crude.

"Our priority is to widen the scope of our trade relations, to take in neighbouring and African countries, and also Islamic nations, because the potential of these markets has not been developed.

"As a result of this policy, trade with, for example, Libya, Iraq, Syria, Tunisia and Jordan, as well as the Soviet Union, Romania and Bulgaria has been expanded," the Minister said.

"It is also necessary to take into account that most of these countries sell oil to Turkey.

"We also feel Turkey should benefit from its industrial potential, by exporting services and not just commodities. In Libya, Syria, Iraq and Saudi Arabia at the moment Turkish companies are tendering for contracts," Mr. Koprululer said.

"All this does not mean we are cutting down trade with the West. It is remaining at a steady level, but we cannot sell our services and technology to the West."

Reuter

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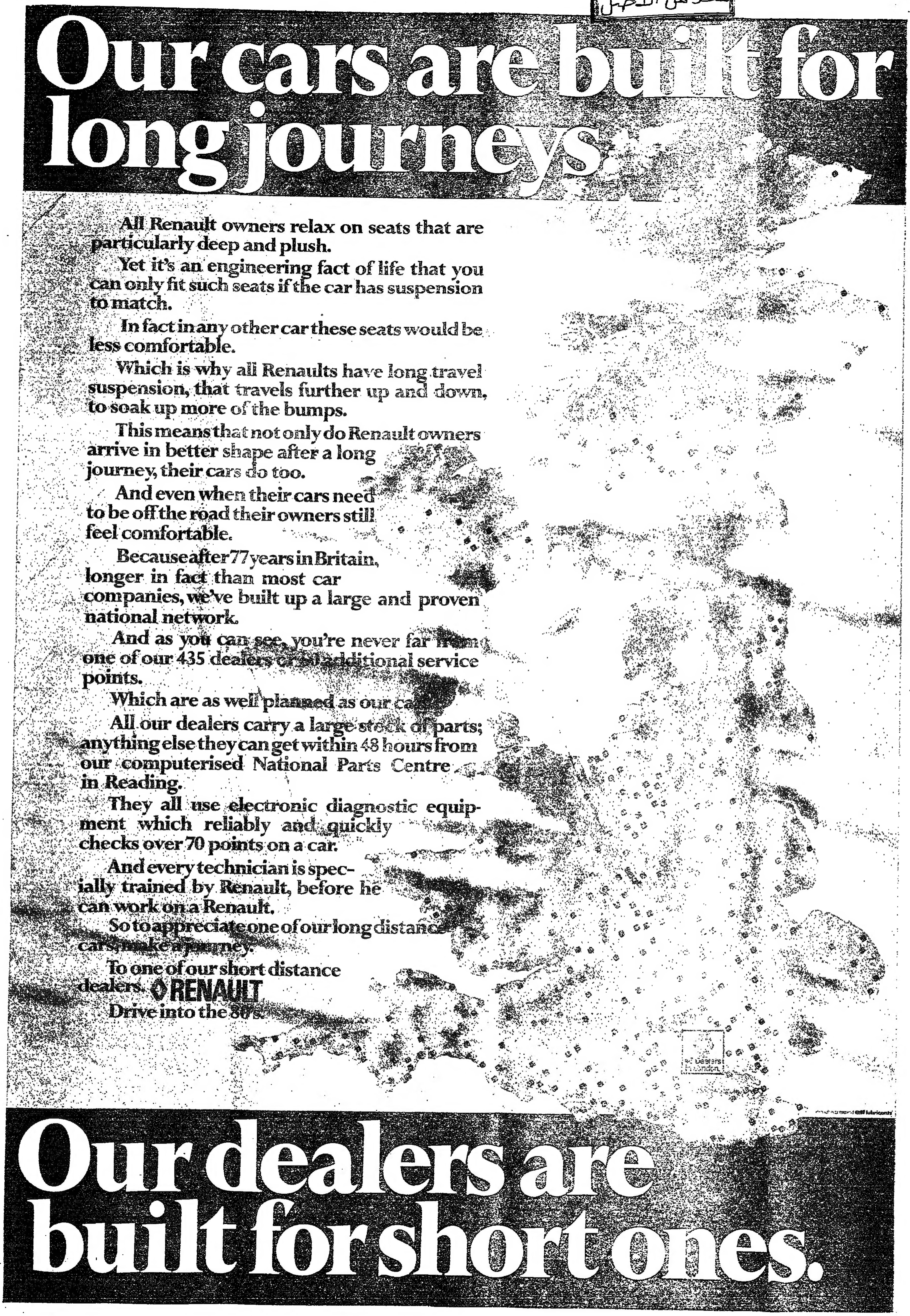


Members split over Sasse losses

BY JOHN MOORE

A MAJOR RIFT has opened between some members of the stricken Sasse underwriting syndicate and Mr. Stephen Merrett, its manager.

A private meeting of the 110 members of the syndicate, which is facing £20.2m losses, is planned for August 31 at Lloyd's Library. The meeting has been organised by an action group, headed by Mr. Joe Benjamin and Mr. Murray Gordon, chairman of Combined English Stores, who are both members of the syndicate.

Mr. Merrett has not been invited to the meeting. Nor have other agents who have been responsible for managing members' affairs.

Mr. Merrett, of Merrett Dixey Syndicates, took over management of the syndicate from Mr. Frederick Sasse at the request of Lloyd's when Sasse ran into trouble last year.

Since then, he has arranged a £7m letter of credit with Lloyd's to help the syndicate meet its losses, and has arranged other aid. The latest is a reinsurance programme to cover members of the syndicate against any deterioration of losses on the 1976 underwriting account.

Reinsurance

Mr. Benjamin and Mr. Gordon want the reinsurance cover to include the 1977 underwriting year, and have urged Mr. Ian Findlay, chairman of Lloyd's, to intervene.

The two syndicate members have asked Mr. Merrett to stop the reinsurance programme until the matter has been reconsidered by syndicate members, but Mr. Merrett has refused.

Mr. Benjamin and Mr. Gordon are planning to form a co-ordinating committee which could have the backing of 30 members of the syndicate.

The action group has asked syndicate members not to provide any further securities, cash or any other declaration of means necessary to complete the Sasse audit, which is already long overdue, until after the meeting at Lloyd's on August 31.

Mr. Benjamin said yesterday that several members had been concerned at the turn of events whereby the syndicate's losses had deteriorated from £13.6m to £20.2m.

The action group did not wish to imply "that they do not have confidence in Stephen Merrett's ability" but a meeting was necessary to reconsider the position.

Two building societies plan £78m merger

By Andrew Taylor

THE NEWCASTLE Permanent and St. Andrew's building societies plan to merge at the end of October.

Newcastle Permanent, the larger society, is to take over the running of St. Andrew's, whose staff will be absorbed into the Newcastle. The societies have combined assets of £78m which are expected to be increased to £90m by the end of this year.

Both societies are based in the North-East, and Mr. Tom Bathurst, general manager of Newcastle Permanent, said that the merger would lead to a more efficient operation.

The merger is subject to a special general meeting of St. Andrew's shareholders. Last week, London Goldhawk and South of England building societies, which have combined assets of £370m, announced plans to merge next year.

Form-filling burden review by consultants

MR. JOHN NOTT, Trade Secretary, has engaged outside consultants to assist in a review of the burden on businesses, particularly small ones, of filling in administrative forms issued by the Department of Trade.

Peat, Marwick, Mitchell, in association with Economists Advisory Group, will spend two months analysing the 500 or so administrative forms issued by the department, and consulting their users to see whether the number and complexity can be reduced.

The forms relate primarily to the companies, insurance, insolvency, patent and import licensing fields, and many stem from statutory obligations. The consultants will report to Mr. Nott in the autumn.

Cash boost for students

STUDENTS over 18 who have a local education authority grant and who open a cheque account with Barclays Bank can now apply for a Barclaycard, the bank announced yesterday.

Previously they were not considered for a card until six months after opening an account.

Electricity spending to rise by 9.6%

BY ROY HODSON

SPENDING BY the electricity industry in England and Wales is to be allowed to rise by 9.6 per cen in the current financial year to provide new power stations and distribution plant.

Mr. David Howell, the Energy Secretary, has approved a 1979-80 budget for the Central Electricity Generating Board and area electricity Boards in England and Wales of £784.9m.

The CEGB will spend £574.3m of the total allocation on new generating equipment and associated plant. The industry in England and Wales spent £716m last year.

The Government recently asked the industry in England and Wales to reduce its cash limit by £90m as part of the cuts in nationalised industries spending.

Sir Francis Tombs, chairman of the Electricity Council, has proposed that the Government institute a five-year target of financial performance for the electricity industry against which other issues can be agreed and cash limits considered.

The Minister's annual report on electricity, published yesterday shows that during the financial year 1978-79 the Government advanced £500m to the Electricity Council to replace foreign loans repaid prematurely.

Of the advances, £368m is to be treated as maturity loans repayable within five years with interest payable at six-monthly intervals. The balance of £132m is to be repaid by 10 equal half-yearly instalments of principal with interest on the reducing balance.

The Electricity Council was given consent to borrow up to $510m, of which the equivalent of $10m might be in other foreign currencies. The council was also given permission to borrow £101m from the European Investment Bank towards financing the pumped storage scheme at Dinorwic, North Wales, and some area board projects.

Temporary borrowings from the National Loans Fund advanced to the Electricity Council last year totalled £225m. The council had permission to borrow temporarily during the year up to a limit of £419m from all sources.

The Electricity Council recently announced a profit of £251.4m after interest for 1978-79 compared with £132.8m the previous year. That was arrived at after deducting a supplementary depreciation provision of £169m.

However, a special statement prepared by the Electricity Council upon current cost accounting principles showed a loss of £166m after interest on that basis.

Electricity: Report of Secretary of State for Energy. HMSO 90p

Pioneer Mutual cuts industrial branch life policy bonuses

BY ERIC SHORT

THE LIVERPOOL-BASED insurance company, Pioneer Mutual, has cut its reversionary bonus rate for 1978 on industrial branch life policies. It is to review its life assurance operations, placing greater emphasis on the unit-linked side. This is revealed in the company's report and accounts for 1978.

Pioneer Mutual was established in 1974 with the merger of two companies in the old Slater Walker organisation—Pioneer Life, and Blackburn Assurance and a third, Stamford Mutual, the resulting company being a mutual company with no equity shareholders. All three were home service companies operating through agents calling at policyholders' homes.

The company has found its expenses in the industrial branch have been rising steadily as a proportion of new premium income. The cost of collecting small weekly premiums on these policies is very vulnerable to inflation. These rising expenses can only be met from investment income and this reduces the amount available to pay the bonus on these life policies.

With a mutual life company, all the profits on the business are returned to with-profit shareholders in the form of bonuses.

No life company has cut its bonus rate since the war on ordinary branch life policies—where the life company collects premiums by sending renewal notices. Mr. Harry Clarke, managing director of Pioneer, claims some industrial branch bonuses have been cut or passed since the war, but could not quote circumstances. The Industrial Life Offices Association could not recall a bonus being cut, and no major industrial life company has done so.

For 1978 Pioneer has declared a bonus rate of £2 per cent of the basic benefit, a cut from £2.50 declared for 1977. The company believes that this rate can be maintained in future.

Even the major home service life companies, such as Prudential Assurance, have experienced expense pressure on their industrial branch bonus rates. Although these rates have not been cut, they have lagged behind the improvement in ordinary branch bonuses.

Pioneer Mutual's reorganisation plans involve keeping industrial branch business at current premium levels, and concentrating on ordinary branch business, especially the unit-linked contracts. New annual premiums in this branch rose by 69 per cent last year.

Mr. Clarke said yesterday there was a five year plan involving branch closures and staff reductions. The company had negotiated the details of the plan in discussions with the Association of Scientific, Technical and Managerial Staffs. But it appears one or two district managers were disturbed by the terms of the agreement.

Laws 'may hit Press freedom'

BY MAX WILKINSON

NEW LAWS on the standards and ethics of journalism would almost certainly damage the freedom of the Press, says Lord Shawcross, retiring chairman of the Press Council.

Unless the Press Council continues to be vigorously involved in protecting the freedom of the Press, laws would be enacted to fill its place, he says in the council's annual report.

"Legal intervention is a possibility constantly to be fought."

"It is seriously put forward as part of the official policy of the Labour Party that a system of 'democratic accountability' should be established: whatever that may mean, it is certain that it will not be democratic in the sense in which the word was understood before it became part of the Left-wing's 'double-speak' vocabulary," says Lord Shawcross.

To guard against this possibility, he urges editors to strive to maintain a high standard of ethics to avoid giving an excuse to those who wish to use the law to interfere with the Press.

Lord Shawcross is retiring after four years as chairman of the council. He says that in the 25 years since it was established, the standard of newspapers has shown a marked improvement. The standard of accuracy in reporting news is high, he says, and bias in reporting or commenting on political events is much less than it was.

He believes the Press Council has contributed to this improvement. But he says there are four fields in which there has probably not been any improvement — sensationalism, sex, violence, and trivia.

Lord Shawcross believes that trivia, in particular, is still rampant. He condemns the writings of some of the gossip columnists. In this respect, the Press Council has limited influence, because it cannot be an arbiter of taste or influence the prevailing morality of society, he says.

In future the Press Council may have to watch the activities of print unions, whose unofficial disruptions have constituted a threat to the freedom of the Press. He says there is evidence of "systematic sabotage" by some unionists, and disruption which "may not have merely industrial issues as its motivation."

The report shows that the Press Council judged 68 cases compared with 79 the previous year, and that 44 per cent of cases were upheld.

● *The Press and the People (Press Council £1).*

Meriden must pay £36,000 rates bill

FINANCIAL TIMES REPORTER

MERIDEN Motor-cycle Co-operative must pay £36,000 within ten days or face court action.

Coventry's Labour controlled council has decided to demand immediate payment of half the £72,000 it is owed in rates. Meriden had been hoping for another reprieve.

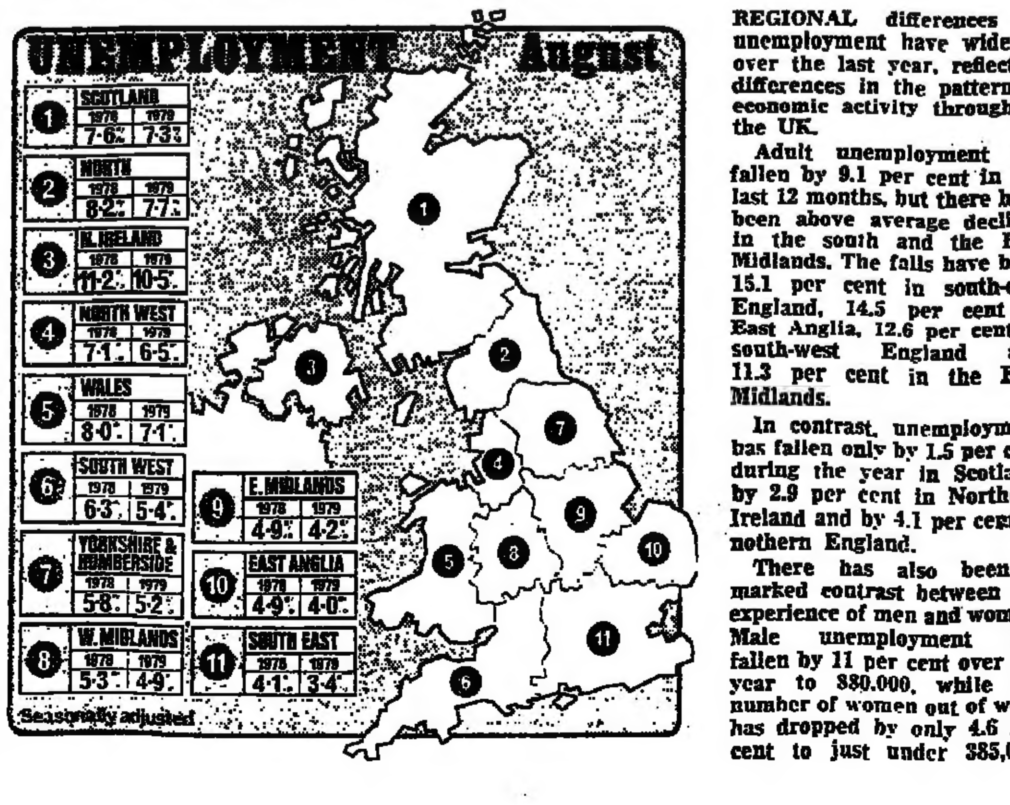
Creditors, who are owed more than £1m, last week gave the co-operative more time ot sort itself out. Mr. Geoffrey Robinson (Labour, Coventry NW), the co-operative's unpaid chief executive, has until the end of September to find a financial backer.

He said that he was disappointed by the council's action and would have expected more talks. He commented that the council was a preferential creditor and the rate money would have been assured.

Councillor Arthur Waugh, council said that the council had a duty to its citizens and the co-operative was being treated like any other ratepayer.

Unemployment drops by 9.1%

BY PETER RIDDELL, ECONOMICS CORRESPONDENT



REGIONAL differences in unemployment have widened over the last year, reflecting differences in the pattern of economic activity throughout the UK.

Adult unemployment has fallen by 9.1 per cent in the last 12 months, but there have been above average declines in the south and the East Midlands. The falls have been 15.1 per cent in south-east England, 14.5 per cent in East Anglia, 12.6 per cent in south-west England and 11.3 per cent in the East Midlands.

In contrast, unemployment has fallen only by 1.5 per cent during the year in Scotland, by 2.9 per cent in Northern Ireland and by 4.1 per cent in nothern England.

There has also been a marked contrast between the experience of men and women. Male unemployment has fallen by 11 per cent over the year to 880,000, while the number of women out of work has dropped by only 4.6 per cent to just under 385,000.

Fluorspar cutbacks to cost 70 jobs

BY PAUL CHEESERIGHT

THE INTERNATIONAL steel recession has checked the British Steel Corporation's expansion of fluorspar mining in the Northern Pennines. Seventy jobs will be lost in cutbacks at two of the corporation's four mines, as part of its general trimming of expenditure.

About £1m a year is expected to be saved. Fluorspar is used as a fluxing element in steelmaking and other metal production, and so the mines are an adjunct to the corporation's main operations.

They are between Hexham and Stanhope, straddling the Northumberland-Durham border, in one of north-west Europe's two significant fluorspar mining areas. The other is in Derbyshire.

The cutbacks take place at Beaumont, Allenheads, where development work on a new mine will be suspended, and at Whiteheaps, near Blanchland ore production will stop. The Whiteheaps mine's mill will continue working until the middle of next year.

At that time a new £5m plant at the Blackdene mine near St. John's will come on stream. Mine operations at Blackdene are unaffected and work will continue at the Groverake mine, the largest of the three present fluorspar producers.

Customers

The three mines have been producing 1,600 tonnes of fluorspar a week, of which about 300 tonnes has come from Whiteheaps. Some 15 kg of fluorspar are used for every tonne of steel produced.

The mine's main customers are BSC's Scunthorpe, Sheffield, Welsh and Scottish divisions. Some supplies go to private steelmakers.

The new Blackdene plant will produce additional acid grade fluorspar which can be used in the paint and ceramics industries. The corporation hopes this will offset the falling demand for the metallurgical fluorspar taken up by the steel industry.

In Derbyshire the industry is based on Dresser Industries of Texas, whose output is sold abroad through Kaiser Trading, a subsidiary of Kaiser Aluminium.

Dresser said yesterday that its sales were holding up well, and its expansion plans, the subject of planning controversy last year, were proceeding on schedule.

Motorists not trying to save fuel

By James McDonald

MANY MOTORISTS are ignoring the fuel-saving campaign, according to a survey carried out by the Automobile Association's magazine, Drive.

The national survey showed that one-third of motorists questioned believe that recent petrol shortages have been artificial and deliberately inflationary.

"Until it is proved otherwise to them, they are unlikely to make any real effort to use less fuel for the common good," says the survey.

It was found that 70 per cent of car drivers were not following advice to have cars regularly tuned to improve fuel consumption. More than 50 per cent of drivers said they would avoid public transport, describing it as "too expensive, unreliable, inconvenient and time wasting."

Nearly 20 per cent said they would not heed the Department of Energy's call for a 5 per cent reduction in fuel consumption. The survey also found reluctance to join car-sharing syndicates, either to go to work or to go shopping. Only one motorist in three thought this a good idea.

On the credit side, the survey shows that some motorists are trying to save petrol, some by driving more slowly, others by using their cars less frequently.

Nearly half the drivers questioned said they would probably buy smaller, more economical cars.

London Brick faces more health fears

FURTHER assurances are being sought from London Brick about possible health hazards resulting from the company's plan to build two brickworks in Bedfordshire and one in Cambridgeshire at a cost of £75m.

The company has been invited to a public meeting in Whittlesey, Cambridgeshire, to discuss local fears about its plans to build a £15m brickworks near the town.

A Bedfordshire action group has already called for a Government inquiry to investigate possible health hazards from the two proposed brickworks for the county.

Universities told to cut 1980 intake by 6%

BY MAX WILKINSON

UNIVERSITY vice-chancellors are to seek urgent talks with the Government to discuss a warning that they must plan for a 6 per cent cut in admissions next autumn.

The warning, issued by the University Grants Committee, is a direct consequence of Government plans to cut public expenditure, probably by as much as 7.5 per cent below the last Government's projections for 1980-81.

Dr. Edward Parkes, chairman of the University Grants Committee, has written to universities saying they should restrict undergraduate entries in 1980 to 6 per cent below the number expected to be given places this year.

The UGC has no direct authority to determine admissions policy of the 44 universities, but is responsible for distributing grants which provide three-quarters of the universities' income.

The warning means that universities which take in more students than laid down in the overall plan face a grants cut.

Polytechnics and other higher education institutions administered by the local authorities are likely to face a similar squeeze.

However non-university institutions are not subject to any national body comparable to the UGC, so the mechanics of applying a squeeze will be more complicated.

The Government's rate support grant is expected to be reduced in such a way that local authorities will be encouraged to curb the growth of the institutions.

However, the Department of Education and Science's overall policy will not be made explicit until the autumn when a White Paper is expected.

Universities have been expanding continuously, though at varyingrates, since the war.

Principle

For the last two decades, all Governments have implicitly upheld the principle set out by the Royal Commission on Higher Education under Lord Robbins that higher education should be available for all "suitably qualified" sixth formers who desired it.

As the number of 18-year-olds is increasing year by year, the 6 per cent cut in 1980 would represent a cut of 10 per cent relative to the total number of 18-year-olds in that year.

Mr. Laurie Sapper, general secretary of the Association of University Teachers, said yesterday: "The implications are very serious. It does appear that the Robbins principle is being abandoned."

The UGC's argument appears to be that a 6 per cent intake cut will be needed just to hold the population of university undergraduates at its present level, because admissions have been rising at about 3 per cent a year. The increasing numbers of students admitted each year will, on average, stay at university for three years.

To hold the total undergraduate population at the 1978 figure of 285,000 would therefore require a cut in entries for 1980.

The impact of the cut on different universities is likely to vary considerably, depending on recent expansion rates and capital expenditure.

The cuts will clearly increase competition for university places in 1980, particularly among women, whose applications have been increasing faster than men. Last year 11 per cent more women applied for university, compared with an increase of only 3.5 per cent for men.

Applicants in the less popular subjects, such as natural science, German and Russian, should have little difficulty in obtaining places.

The tightest squeeze will be felt in the most popular subjects—law, business studies, accountancy, English, history and the social sciences.

Whitehall to review road plans

FINANCIAL TIMES REPORTER

THE DEPARTMENT of Transport intends to publish a White Paper by December reviewing all the Labour Government's trunk road development schemes.

Mr. Norman Fowler, the Transport Minister, has instructed his civil servants to re-examine the controversial Archway Road widening scheme in north London, which was abandoned by the last government. Among others they will look at are the construction of the London Docklands road network, the Liverpool inner ring road and the M25 London orbital motorway.

"The June Budget did not affect trunk road spending but the Treasury has yet to decide how the second round of public expenditure cuts will affect transport," the Department of Transport said yesterday. "In the light of this, the roads programme will be revised in detail, and new dates and costs for planned construction will be given in the White Paper."

Official decisions on the new programme are likely to await the appeal, expected in November, to the House of Lords over the M42 motorway, after Lord Denning's judgment upholding the protestors' case.

Even if the Government decides to abandon the Archway Road scheme—for this is one option Mr. Fowler will be considering after the GLC's recent cooling-down in support for the development—there would still be another public inquiry to abandon the Minister's line order, made in 1975, establishing his power to widen the road.

Call for country leisure plan

PEOPLE involved with the countryside and recreation should start planning now if they are to meet the demands of the increasing numbers of visitors from towns and cities, says Lord Winstanley, chairman of the Countryside Commission.

A survey carried out for the commission by National Opinion Polls found that more than three-quarters of the population of England and Wales—37m people—enjoy a day in the country at least once a year.

Leisure and the Countryside, published by the Countryside Commission.

OTHER MEN'S JOBS: ERIC SHORT ON BELL FOUNDERS

Knell for a vanishing breed

Leonard Burt

Bill Hughes, Whitechapel Master Founder, tests the sound of a consignment of bells for the U.S.

HAVING ONE'S product featured nightly on television for free is a PR man's dream. But when your product is Big Ben, which heralds ITV's News at Ten, viewer response is not exactly shattering.

But Bill Hughes, who with his brother Douglas and son Alan are the present Master Founders at Whitechapel Bell Foundry, where Big Ben was cast in 1858, takes this lack of appreciation in his stride. After all, some very famous bells have been cast during the 400 years the foundry has been at Whitechapel — including those at Westminster Abbey.

One of the most famous must be the Liberty Bell which proclaimed America's independence on July 4, 1776. This bell was cast in 1752 by Thomas Lester, the then Master Founder.

More than 200 years later, Bill Hughes cast the Bicentennial Bell in 1976, Britain's gift to the U.S. to mark the bicentenary of independence.

Bell casting was a flourishing craft in the Middle Ages, the bell being one of the oldest ornaments possessed by a church. There were foundries in most cathedral cities and other main towns.

In the City of London, the foundries were situated in Aldgate at its Eastern edge. The present Billiter Street is derived from Bellyetere—old English for bell founder.

The Whitechapel business is traditionally held to have been started about 1570 by Robert Mot, though the list of Master Founders can be traced back to a Robert Chamberlain of Aldgate in 1420.

In 1583, Robert Mot, unable to expand premises at Aldgate, moved the foundry outside the City to Whitechapel. Two of Robert Hot's bells cast in 1583 and 1598 still hang in Westminster Abbey.

The final move to the present site in Whitechapel Road took place in 1738.

The Whitechapel Foundry has always been a family run business. Arthur Hughes, Bill's grandfather, started at the foundry in 1884 and bought the business in 1904.

But bell casting is a declining trade and Bill Hughes and his family are virtually the last of a vanishing breed of craftsmen.

From over 20 foundries in the middle of the last century, there are just two left in the country—Whitechapel and John Taylor and Company, Bellfounders, in Loughborough. The latter is a comparative newcomer, established in 1799.

The method of casting bells has not changed much with time. The shaping of the inner and outer moulds, made chiefly with London clay, is virtually the same as 400 years ago. The same composite alloy is used to make bell metal—77 per cent copper and 23 per cent tin—but now the foundry has an electric furnace to melt the metal.

But Bill Hughes' work has changed since the war. The Master Founder of yore was closely involved in casting bells, handling the delicate task of inscribing the mold and tuning the bell. He lived on the premises at Whitechapel.

Bill Hughes is now fully occupied in administration and rarely gets involved in actual casting.

Most of the work on church bells these days involves recasting existing ones. The casting of new bells comes from churches increasing the number in the tower. The foundry has links with some churches going back centuries as original bells come back for recasting hundreds of years later.

For nearly 150 years the foundry has been involved in more than simply casting the church bells, making the frame to hang the bells and accessories such as headstocks and bell wheels. It also has three or four men who hang the bells in towers.

The foundry is equally famous for its handbells, being the only maker in the UK. A full set of handbells numbers 61, spanning five octaves. Handbell ringing is enjoying a revival in the UK and especially in the U.S. where over 75 per cent of Whitchapel handbells are exported.

It is said that a true Cockney is born within the sound of Bow Bells—the bells of St. Mary-le-Bow in Cheapside in the City. Albert Hughes, Bill's father, must be a special cockney. Not only was he born in the house adjoining the foundry, from which—before the advent of the massive office blocks Bow Bells could be clearly heard, but he was the Master Founder responsible for the rehanging of the bells themselves.

Post Office supervisory staff urged to accept new pay offer

BY GARETH GRIFFITHS, LABOUR STAFF

SUPERVISORY AND technical staff at the Post Office, who have been involved in a 19-week industrial dispute, were recommended by their union's national executive yesterday to accept a new pay deal.

The Society of Civil and Public Servants executive made the recommendation after a two day meeting. The society's 6,000 members in the Post Office will vote on the offer by the end of the month. They earlier turned down a 17 to 20 per cent offer.

A society official said yesterday the new offer secured internal relativity payments and would mean further pay increases of between 5 and 7 per cent from April, 1980, on top of the previous offer.

The original proposals, which still stand, provide for basic rate increases of 9 per cent, with 5-7 per cent for grade restructuring, 2 per cent for productivity and 2½ per cent for changing the settlement date.

Telephone bills have not been sent out because of a 19 week strike by 8 key staff at computer centres in Leeds and Harmondsworth. The rest of the society's members in the Post Office have remained at work. Losses caused by the strike have been estimated by the Post Office at £90m.

The Civil and Public Services Association accepted a pay deal worth on average 16 per cent on Monday. But the 36,00 staff covered by its arrangement will not be able to resume normal working until the society has made its decision.

The Post Office will not be able to start work on the telephone bills backlog until it has completed negotiations on dealing with the backlog with the unions. Union officials think it will be five weeks before an agreement is reached and that the backlog will not be cleared until early next year.

● NEWS ANALYSIS—THE CHRYSLER PAY DISPUTE

Jobs and investment may be jeopardised but both sides remain entrenched

BY NICK GARNETT, LABOUR STAFF

HOURLY-PAID workers at Chrysler UK's Coventry production plants came out on strike almost two months ago in spite of the apparent understanding of shop stewards and the workforce that a protracted dispute could jeopardise future investment and existing jobs.

The outcome of the dispute and the speed with which it is settled could have wide implications for the future of Chrysler UK and vehicle manufacturing in Britain.

Since the start of strikes at the Ryton assembly plant and the Stoke engine plant, all Chrysler UK production of Talbot cars has been halted. Neither side has shown any willingness to abandon entrenched negotiating positions.

The 2,000 workers at Ryton and the 3,100 at Stoke went on strike in a pay dispute over the company's basic rate offer of 5½ per cent and a new grading structure which large sections of the workforce find unacceptable, and over the company's determined stance that the principal elements of the offer are not negotiable.

The company's position is that it cannot afford to pay any more in the light of projected losses. The management is constrained by a further and more sensitive issue.

Company negotiators say they must do all they can to attract investment into the UK. That means showing Chrysler UK's parent company, PSA Peugeot-Citroen which is recognised as being commercially tough-minded, that it is worth investing in the UK and that productivity can be improved. That is the principal reason why Chrysler has offered to negotiate a new incentive scheme.

Any need to show PSA that the UK management is determined to improve productivity and resist wage demands which it says it cannot afford becomes more important the longer the strike lasts. As a result, both the company and the unions, have very little room for manoeuvre.

Painful

The management rejects the thinking of some of the workforce that they have been "set up" to have plants shut down. Union convenors accept that Mr. George Turnbull, the Chrysler UK chairman and managing director, is his own boss during the dispute.

Of all Chrysler UK's plants, Ryton—where the strike origially started—would be the least painful from PSA's point of view to shut down if it was felt to be necessary.

The workforce at Ryton assembles the Alpine, and the workforce at Stoke manufactures power train components for the Sunbeam and Avenger, assembles Alpine engines and makes up Hunter kits for Iran.

Both plants have had the same attitude on the basic 5½ per cent pay offer.

"It's the first time for at least three years that we are in collective bargaining. The offer is less in percentage terms than the last two years and less in real terms than the year before that," says Mr. Duncan Simpson, the Amalgamated Union of Engineering Workers convenor at Stoke.

Mr. Pat Fox, the Transport Workers convenor at Ryton, says that his plant could prove very profitable and that Chrysler could afford to pay more. "The 5½ per cent is a ridiculous insult."

The regrading proposals appear to have met with almost the same amount of opposition from certain groups of the workforce.

The company, in line with a commitemnt made in 1972, is making special payments this year to workers at the Linwood car plant in Scotland and at the Dunstable and Luton commercial vehicle plants. These are parity payments to bring wages at these plants up to the level of Ryton and Stoke, and mean base rate offers of about 13 per cent instead of 5½ per cent. The special payments are the principal reason why the company's offer has not been met by strike action at Linwood or at the truck and van plants.

Broad

The company says that to complete the parity process, a uniform grading structure is necessary, and that is what it has offered.

A national management-shop steawrds' meeting earlier this year laid out broad principles for regrading, and the company say it is surprised by the reaction of the workers to the proposals.

Shop stewards at Stoke did not take part in those talks, however, and say the Stoke workforce sees no reason for regrading at the plant. They also view the uniform structure as a severe erosion of plant bargaining in a company that has no real corporate bargaining structure.

Stewards at the Ryton plant, which has been seeking a new structure, says the proposals are unacceptable. Principal elements of rejection are the proposals to lift basic pay for inspectors to that of production workers, and to lower the differential between production workers and storemen, with some grades getting far more than 5½ per cent.

The company says the overall package of consolidation of Phase 1 and 2, the 5½ per cent and regrading is worth 13 per cent. This would give a production worker £83.80 for 40 hours and £100.56 with six hours over time. The lowest grade janitor would earn £69.31 for 40 hours and £83.17 with six hours overtime.

Convenors at Stoke and Ryton say the workforces are keen on a new incentive scheme and recognise that measured day working has not produced the necessary production results. The company says the incentive scheme could add a further £5 or more to pay packets.

Although there have been no full discussions on the scheme, there is some dispute with the unions on the use of plant or plant section measurements. The unions are also seeking guaranteed fall-back payments, which runs directly counter to the company's position on the need to offset anything more than 5½ per cent with higher productivity.

Chrysler UK has forecast a loss this year of £30m, even providing for the resumption of Hunter kit manufacturing for the Iran market (under the marque name of Paykan), which was disrupted during the revolution.

The 1975 Government rescue plan ends this year. The Government is providing a maximum of £5m and PSA is taking on the responsibilities of the Chrysler Corporation to fund the remaining losses.

Rescue

The end of the rescue plan helps to make Chrysler UK's position vulnerable. PSA has already shown its tough and competitive commercial attitude by deciding to dual source, in France and the UK, both the present five-door Alpine and the new "three-box" Alpine.

PSA could, over the next two years or so, opt to build all Alpines at its Poissy plant in France. Apparently, it does not want to do that. But the UK plants will have to make it clear that they are worth attracting sizeable amounts of new investment.

So far the possible threat of lost investment and lost jobs has been outweighed among the Coventry workforce by the strength of feeling on the pay offer.

"The workforce fully understands the seriousness of the situation but has had no alternative but to do what it has done," says Mr. Simpson. Mr. Fox says there has to be more guaranteed money before his workforce would be prepared to go back to work.

The principle on which the management has been standing is that, for the future well-being of Chrysler UK, it cannot pay more.

Overtime ban call at opencast coal sites

By Nick Garnett, Labour Staff

DELEGATES OF workers on National Coal Board opencast sites are recommending an immediate overtime ban following the decision by employers yesterday not to improve on the national offer for building and civil engineering workers.

Union officials said the overtime ban by the opencast workforce, employed by civil engineering companies contracted by the NCB, would be highly damaging for the Board and for the economy.

The opencast workers, most of whom are in the Transport and General Workers Union, are seeking substantial improvements, including changes in the special allowance for opencast coal sites and an increase in shift differentials.

Pay and conditions for the 8,000 opencast workers are fixed by the national building and civil engineering settlement with a provision for separate negotiations with opencast contractors.

Profitable

Opencast workers, who struck for one day on the same pay issue earlier this month, argue that contract work for the NCB has proved far more profitable for the companies than general building and civil engineering and that this should be more fully reflected in pay rates.

Employer representatives on the civil engineering construction conciliation board told the unions yesterday that the profits on opencast coal went to the NCB and not to contractors.

They said they would report the unions' position to the Federation of Civil Engineering Contractors with a view to a further meeting with the unions next month.

ITV lock-out brings little hope of peace

BY OUR LABOUR STAFF

THE independent television companies are today locking out members of the National Association of Theatrical, Television and Kine Employees and the Electrical and Plumbing Trades Union.

Television company officials believe the lock-out is necessary to clarify the dispute, but last night, there was little hope it would act as a catalyst towards a settlement.

The lock-out has been postponed twice, and affects 7,500 people. The other union involved, the Association of Cinematograph, Television and Allied Technicians, with 6,000 ITV members, has been on strike for 12 days.

The ITV move came as Mr. Jack Wilson, NATTKE general secretary, said that a strike ballot of its 7,000 ITV members had failed to produce the two-thirds majority needed to call a strike.

Mr. Ronald Carrington, labour relations advisor to the independent television companies, yesterday described the stoppage as the worst in the history of the network.

He said the companies were standing firm by their offer of 16½ per cent. This was worth an increase of £1,200 per year, with average wages in the industry of £8,000 per year.

The dispute was still deadlocked, and members of other unions not in dispute might eventually have to be laid off if the blackout continued for a long time.

Harlech Television, which has been off the air since the first week of August, said the blackout had so far cost it £750,000, with a loss of revenue of £60,000 a day.

There was some confusion yesterday over the size of productivity payments made to ITV staff in April. The companies put the figure at between 9 per cent and 15 per cent. But Mr. Aalan Sapper, ACTT general secretary, said the deals were worth 7 to 11 per cent.

Strike threatens closure of magistrates courts

FINANCIAL TIMES REPORTER

MAGISTRATES' COURTS in inner London are expected to be virtually closed next week when 600 clerical and administrative staff strike in support of a 20 to 30 per cent pay claim.

The strike will start on August Bank Holiday Monday at three courts opened to deal with weekend offences and will be extended to the remaining 15 courts on Tuesday. The Society of Civil and Public Servants and the Civil and Public Services Association are prepared to finance a long dispute.

Talks between the unions and the employing body, the Committee of London Magistrates are planned tomorrow. Senior Home Office officials will be present as observers. The unions expect the strike to go ahead and have drawn up administrative arrangements.

The magistrates' committee has offered London staff a similar deal to the offer for 6,000 provincial court staff. It is 9.4 per cent and a reference to the Clegg Commission on comparability, the findings to be implemented in January 1980.

Both unions have said a reference to Clegg is inappropriate and it could be September 1980 before any money based on the findings is paid.

They want 9 per cent plus £1 a week to be paid from July 1, a further 5 per cent from October and the remainder, ranging from 8 to 15 per cent from March, 1980. They also want pay to be linked to findings by the Civil Service pay research unit.

Mr. Alistair Graham, deputy general secretary of the CPSA said the strike would mean the courts would grind to a halt by the end of the week. Summonses would not be sent out, fines not collected, juvenile and care proceedings would be affected, the legal aid system not administered and maintenance payments not dealt with. Case referrals to higher courts will be hampered.

Home Office officials said last night the Courts would be able to maintain an emergency service.

Closed shop row man gets new job

MR. JOE THOMPSON, who lost his union card and his job 13 years after contravening a closed shop rule operated by the National Union of Dyers, Bleachers and Textile Workers, is to take a new job at a Yorkshire textile mill. He was given back his union card following a decision by the Independent Review Committee.

APPOINTMENTS

Newman ceramics executive

Mr. John F. Scotting has been appointed chief executive for the ceramics division of the NEWMAN INDUSTRIES group and chairman of the principal divisional company, Grindley of Stoke (Ceramics). He joins Newman Industries from the GEC Group where he was responsible for group marketing and overseas development.

★

Sir John Brown is to become chairman of ASSAM TRADING (HOLDINGS) after the next annual meeting. He will succeed Sir Owain Jenkins, who will retire as chairman but remain on the Board.

★

Mr. Phillip M. Wilson, senior vice-president of BANKERS TRUST COMPANY is to head its newly formed marketing group. He was previously responsible for the bank's international business in North America.

★

Mr. John J. Costolnick has been appointed agricultural chemicals vice-president of ESSOCHEM EUROPE INC., the Brussels-based company co-ordinating Exxon Corporation's chemicals activities in Europe, Africa and the Middle East. He succeeds Mr. Morley G. Handford, who has returned to Canada to a senior management post with Imperial Oil Company.

★

Hydron Europe, a division of National Patent Development Corporation, has appointed Mr. Manfred Dapper as vice-president, new market development, with AMERICAN HYDRON, its U.S. member company.

★

Mr. Mike Smith has been appointed managing director of Tarmac Homes South Yorkshire in place of Mr. Roy Turner, who retires at the end of the month. Mr. Smith was formerly a director of McLean Homes Northern of Barnsley, which is also a subsidiary of the housing division of TARMAC.

Mr. John Scotting

★

Mr. R. E. Holmes is to be taken into partnership with DUFF STOOP AND CO., stockbrokers, from August 27.

★

Mr. Bryan Davies has been appointed sales director of STERLING ORGANICS, the fine chemicals division of the Sterling-Winthrop Group.

★

Mr. John Courtis has been appointed a non-executive director of DEEKO.

★

Mr. Marius Marijosius has been named a vice-president in the trust and investment division of CHEMICAL BANK. As director of Chemical's international investment service in Zurich, he is in charge of the bank's private banking in Switzerland.

★

Sir David Montgomery has been appointed chairman of the FORESTRY COMMISSION in succession to Mr. John Mackie whose term of office expired in July.

★

Mr. A. W. Cross has been appcinted a director of SOUND DIFFUSION, Hove, Sussex.

★

Mr. Andrew Withey has been appointed investment director of CROWN LIFE. Mr. David Patterson, former investment director, is leaving to set up his own investment company. Mr. Withey was previously with Investment Trust Services.

★

Mr. David E. Sherwood, a director of SOIL MECHANICS, Bracknell, Berkshire, has become deputy managing director in place of Mr. J. P. North-Lewis, who has retired from the Board. Mr. Cameron Craig has been appointed to the Board and will be responsible for marketing.

★

Mr. John P. Pfann has been appointed a senior vice-president of INTERNATIONAL TELEPHONE AND TELEGRAPH CORPORATION and continues as treasurer.

★

Mr. P. M. Young has been appointed group accountants of HAYWARD BROS. (WINES).

★

Mr. T. R. Ryan, at present managing director of RECKITT AND COLMAN AUSTRALIA, has been appointed to succeed Mr. J. J. West as chief executive of that company. Mr. West retains his position as group director for Australia.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● SECURITY AND SAFETY

Traces the hidden transmitter

THEFT OF commercial and industrial secrets using hidden transmitters is on the increase.

The majority of executives would not resort to industrial espionage and tend to ignore the actions of the unscrupulous few. Even those who are aware of the risk of eavesdropping tend to minimise the problem as it normally involves bringing in outside experts with sophisticated equipment to "sweep" the room. In addition, those companies who deal with confidential information on behalf of clients would not wish to alarm these, or cast doubts on the integrity of their internal security system.

The obvious answer is an effective detector which could be used by company personnel who are not radio experts. Once detected the "bugs" could be eliminated before any important discussions.

This equipment exists. Tracer M-Auto is a scanning radio receiver which activates any hidden transmitters and provides a warning that such a device is operating. Tracer will detect the presence of any radio transmitter including the latest sophisticated sub - carrier devices.

Even bugs that are operating close to strong public broadcast can be found. Conventional scanning and detecting equipment could lock on to the dominant signal and not indicate the presence of the hidden transmitter. But the new unit can be switched to manual tuning when an ambient radio signal is strong enough to mask transmissions, and detection can then be achieved.

Once the would-be secure area has been swept clean of transmitters. Tracer can be put on "stand-by" and left to give a warning if a transmitter is placed or activated during the meeting.

An accessory, the SR7, is available for use with Tracer to detect hard-wired devices.

Bonaventure International (Security), 18/21 Jermyn Street, London SW1Y 6HN. Tel: 01-439 7100.

Motorway fog warnings

DANGER from motorway fog could be reduced as a result of a new study. In a contract awarded by the Home Office, Scicon has developed a novel information retrieval system for use in studies of fog warnings on motorways.

Two meteorological tests sites have been set up by the Home Office on the M6 in Derbyshire, notorious for accidents when fog is about. These sites monitor background light, visibility, humidity, temperature, wind speed and wind direction and rainfall. Information is gathered from the sensors, displayed in the control room and stored for subsequent analysis.

To analyse the data, Scicon developed an information retrieval language on a Texas Instrument's 990/4 microcomputer, which would enable the Home Office to ask the micro to answer questions on the statistics of weather conditions on the motorway.

By being able to interpret the data collected in this simple manner, the Home Office hopes to improve the experimental fog warning system and to develop guidelines to motorway police on predicting hazardous conditions and on the most effective actions to take. The police would then have more information on which to base their motorway strategy.

Scicon on 01-580 5599. Sanderson House, 49, Berners Street, London W1P 4AQ.

Right clothes for the job

ONE IMPORTANT aspect of current health and safety legislation is the wearing of protective or appropriate clothing in workshops, factories, etc., and workwear in the 'eighties is very much the concern of the Overall Manufacturers' Association of Great Britain, 52 Mount Pleasant, Liverpool (051-708 8282).

It has produced a handbook (copies are free with 10p postage) giving information about types of garments and cloth available, methods of buying or renting, special hazards, cleaning and care, measurements, British Standards, trade names, etc.

There is also a table of the principal workwear fabrics and new fabrics becoming available, suppliers of fabrics and garments.

● MATERIALS

Fills in the cracks

DUE TO a variety of reasons, most concrete structures will develop some form of cracking during their lifetime and, if left untreated, they may lead to further deterioration—causing, in some cases, serious loss of strength in the affected members, warns Structoplast, Bridgwater House, Barnett Wood Lane, Leatherhead, Surrey (03723 76551).

As a solution to the problem, Structoplast is offering its Ceemar crack injection unit which uses special high-strength epoxy adhesives manufactured at its West Sussex factory.

The resins are said to have been developed in conjunction with a leading UK laboratory to provide materials with optimum characteristics for injection under most site conditions.

Brochure on Ceemarbond resin systems is available on request from the company.

Protects the roof

ONE OF this country's largest manufacturers of roofing waterproof products is now marketing a tough polyester base, weighing 150gm per square metre, said to be the heaviest polyester-based underlay on the market.

When laid in conjunction with its Hyparoof or Superflex it permits the specification of a fully integrated Permanite polyester-based roofing system, says the company (part of Tarmac group): Permanite, Lea Road, Waltham Abbey, Essex.

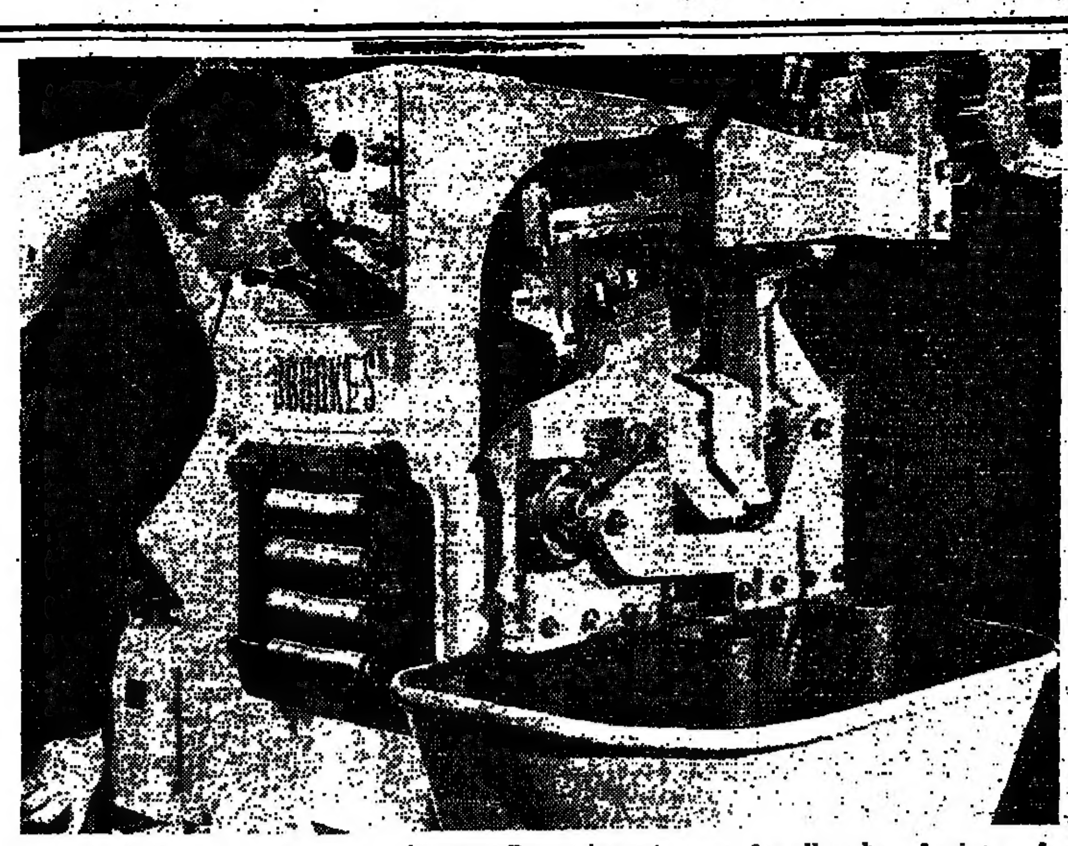
It has produced a leaflet which describes the system, called "Polyester Based Roofing Systems."

Makes good joints

FORMULATED so that any residues from the soldering operation conform to National Water Council's requirements for potable water supplies is a new flux called Powerflow which is said to flux well on both copper and brass and provide sound joints on stock of normal commercial fit.

Active ingredient in Powerflow is non-dermatitic and it does not contain heavy metals such as zinc (potable water must not be contaminated with heavy metals), says Fry's Metals, Tandem Works, Merton Abbey, London, SW19 (01-648 7020).

The white paste is easy to apply and does not run when heated. It is said to withstand overheating and misuse and give joints which have low voidage, high peel and tensile strength and high bursting pressure when soldered.



One of TI Brookes' 178 mm capacity cut off lathes under test at the company's works in Oldbury, West Midlands. A machine of this type, together with a 6-metre automatic magazine feeder, is being supplied to Dowty Mining Equipment for export to the People's Republic of China. It will be used to produce hydraulic equipment spares for all makes of mine roof supports used in that country. This lathe will accommodate tube from 63 up to 178 mm diameter and the feeder rack will cope with random tube lengths. Tubes are loaded into an adjustable trough from where they are selected automatically by padded, linked arms and fed into the lathe.

● WELDING

Automating the process

BOC, which will have its own robot welder at Weldex 79, has established a new operating unit, BOC Automated Welding Products (AWP).

Based at Milton Keynes, Bucks., it will market welding equipment critical to the future development of welding processes that does not fall naturally into the product ranges of existing BOC businesses.

The main reason for setting up AWP is because advances in electronic technology make new approaches to the welding process possible. BOC believes that trends in the industry will create a bigger demand for the equipment that AWP makes and markets.

Fabricators are re-thinking their approach to welding. Welders often work in an environment which is unpleasant and sometimes unacceptable in terms of the hazards of the job and the precautions needed to overcome them.

Many fabricators are finding output limited by the ability to recruit skilled welders, particularly those capable of working sophisticated materials and complex fabrications.

This is aggravated by the tightening tolerances demanded by modern welding processes to ensure sound welds are produced at the first pass.

Leaders in the fabrication industry have recognised that the best way of solving these problems is to automate the process and introduce feedback control systems. The development of these ideas beyond the conceptual stage has been slow until recently but modern electronics enable such control systems to be built cost effectively.

Initially BOC is exploiting these ideas through robots, welding power sources and control systems. AWP is marketing an arc welding robot with a mechanical unit built by Hall Automation, Watford, Herts, and with BOC welding equipment.

Power sources built to a design based on one licensed from the Welding Institute are being marketed by AWP. These units differ from ordinary power sources in that the current settings are repeatable to within 0.5 per cent: current levels can be pre-set to within 1 per cent and their response is more rapid (typically 0-300 amps in less than 1 millisecond), which allows weld parameters to be more tightly controlled. An additional advantage of these units is that they can be interfaced with sequence controllers relatively easily.

AWP is also marketing a range of feedback controls for welding applications including a penetration control unit which ensures consistent weld quality by examining the back of the weld as it is laid down; a seam tracking device and two methods of controlling torch height—which are selected to suit the application.

AWP is at Milton Keynes on 0908 71111.

● RESEARCH

Extension of design facility

APPLIED Research of Cambridge and Genesys of Loughborough are undertaking a pilot study to examine extending the Genesys structural design method through the use of ARC's interactive support software system—BOS

The two main areas in which BOS will help will be the addition of user-interaction and on-line graphics. A further outcome of the joint venture could be the addition of Fortran programming facilities to the Genesys system, at present running on its own high level language: Gentran.

Genesys—now used internationally—is based on the successful formula of easy user interface between man and machine, and machine independence—Genesys will run without modification on many computer systems. Use of Gentran, a Fortran-like language, gives Genesys the standard facilities for input and output to achieve this high degree of portability. The system also has a unique use of virtual storage whereby the system organises and allocates sufficient main memory and secondary storage for a particular user problem.

BOS infrastructure software forms the foundation for much of Applied Research of Cambridge's complex interactive structural design systems. It provides an ideal basis for big system developments where there are large quantities of data and several design tasks which must be integrated. BOS structures the data intelligently for fast and easy interactive access by the user with graphic output direct to display or off-line to a plotter.

Genesys on 0509 39185. ARC on 0223 65015 at 4 Jesus Lane, Cambridge CB5 8BA.

● By agreement between the Financial Times and the BBC, information from The Technical Page is available for use by the Corporation's External Services as source material for its overseas broadcasts.

● INSTRUMENTS

Accuracy in the machine shop

RANGE OF comparators from Sweden, called Unimeter, have been re-designed for the UK market and are now available from Hardness Control Instruments, Maylite Trading Estate, Martley, Worcs. (088 66 493).

These consist of a steel bar carrying two measuring jaws: one has limited movement against spring pressure (free of sticking friction, play or backlash) and this movement is transferred to a dial indicator or electronic probe to provide the comparative measurement; the other jaw fixed during the measuring process—is adjustable along the length of its steel bar and extension pieces, where it can be locked in any desired position.

Measuring anvils are secured to the Unimeter jaws by two locking screws, allowing easy interchangeability. Complementing a wide range of standard anvils available, says the company, any special design may be supplied—or made up by the customer—enabling linear measurements to be made on virtually any type of component.

● COMMUNICATIONS

One minute 'fax'

IBM, Yorktown Heights, has invented a better way of electronically transmitting pages of text and illustrations from one point to another.

Experimental still, the new method provides an improved means for facsimile or "fax" machines to transmit in digital form the contents of page, the signal going either by land-line or by satellite. Simpler hardware is required and transmission speeds of one minute per A4 page are claimed as against the three to six minutes generally required for analogue transmission.

Involving data coding refinements, the method more efficiently transforms black and white images into digital information for transmission. Data compression is the name of the technique used and it reduces the amount of information that has to be transmitted to reproduce the message.

Currently, fax development is towards digital transmission since it is capable of transmitting high-quality images faster than is possible with the earlier method.

In digital transmission, the page to be sent is scanned electronically from left to right, top to bottom, much as in a TV tube. The scanner automatically sees the image as a series of scan lines which are composed of picture elements, or "Pels," each of which can have a value of black or white.

Detection apparatus notes the sequence of black and white Pels on a line. This information can be stored in the form of binary digits or bits, which are actually sent out in digital fax transmissions, the ones standing for black Pels and the zeroes for white.

It is possible to specify and transmit a whole image in this way. But the strings of bits would be inordinately long and demand far too long to send over. Sophisticated techniques have thus been evolved to reduce the time required.

They are the technological counterpart of secretarial shorthand. One is called run-length coding. It consists in registering each unbroken run of white or black Pels along a line in a code word which is composed of bits to designate the numbers of Pels in the runs. Such words are usually shorter than the number of Pels in the run they represent and further compression can be achieved by having shorter words stand for the more frequently occurring run lengths.

But the algorithm used by the IBM inventors has several additional saving arrangements to permit further time reductions and the use of simple, fast electronic circuitry to carry out the encoding.

The basis of the approach is the use of vertical reference coding. In this, a scan line is encoded by means of symbols (bit patterns) which represent changes in Pel values which are either the same as in the line above or differ by only one Pel from them.

For all other changes, run-length coding is used.

Several other developments serve to enhance the economy of the IBM approach. One stems from the observation that the probability of a particular kind of symbol occurring depends on the symbol immediately preceding it. Thus, a run-length is much more likely to be followed by another run-length: a vertical reference is much more likely to be followed by another vertical reference.

This statistical knowledge allows a facsimile machine under the new system automatically to assign a shorter code word to the more likely bit pattern and enables a machine at the receiving end to reproduce the incoming bit pattern without ambiguity.

Certain patterns can be encoded either horizontally or vertically, the latter being always the shorter code. So only when there are no possible vertical references with the equipment use run-length procedure.

Further from IBM, POB 41, North Harbour (Baltic House), Portsmouth PO6 3AU. 0705 694941.

FINANCIAL TIMES SURVEY

Wednesday August 22 1979

World Motorcycles

This year's Earls Court Motorcycle Show, which opens on Saturday, will be the largest for 12 years and a shop window for a vehicle that is now a sophisticated plaything as well as a means of transport. Motorcycles are a fiercely competitive business in which the grip of the Japanese manufacturers is as strong as ever.

Markets won by powerful strategy

By John Griffiths

LAST YEAR the world markets absorbed an estimated 8m new powered two-wheelers, from 50cc mopeds to 1300cc, six-cylinder "superbikes" with the performance, and almost the fuel consumption, of the most exotic sports cars.

That three-quarters of this production came from the factories of Honda, Yamaha, Suzuki and Kawasaki is a measure of just how completely the Japanese have overrun most of the major world markets since their exports drive started in earnest in the early 1950s.

As the Japanese campaign gained momentum, so many rivals found themselves either retreating to ever-smaller segments of the market, or, if they stood their ground and fought, became locked in an increasingly tight costs squeeze which was to wash them away on the Japanese tide.

Nowhere was this more evident than in the case of the British motorcycle industry, itself in its heyday of the 1950s the world market leader. Now, effectively, it is reduced as a manufacturer to the big-capacity Triumph motorcycles produced by the Meriden co-operative, which even now is fighting a last-ditch battle for survival; and NVT, whose production of a range of light BSA motorcycles, made largely from imported components, is only just starting to get off the ground with fewer than 10,000 machines produced so far.

Behind the success of the Japanese manufacturers' strategy has been a consistent commitment to achieving high-volume production and a dominant share of every market into which it has sought entry—and that means the majority—with little regard to considerations of short-term profitability.

In 1960, the Japanese makers, led by Honda, were producing about 1.5m small, cheap motorcycles and mopeds a year, only four in 100 of which found their way into markets abroad. But even the domestic market had provided the economies of scale which in the years to follow were to provide a highly-competitive costs position from which to launch into world markets.

The process has been self-fuelling: the subsequent commitment to finding foreign buyers for ever-increasing production allowed the sustained introduction of the most up-to-date capital intensive equipment and sophisticated research and development facilities—producing better machines.

At the same time, profitability also took second place to establishing in each chosen market blanket distributorship and dealer networks backed by aggressive promotional campaigns. The high volumes attained have allowed this to be done on a unit cost basis no higher than that of Japan's retrenching rivals.

Effectively, the strategy was a dash for growth which has worked devastatingly well: with an export volume of 3.75m machines last year, the Japanese have reached levels of productivity, lowered costs and in the final event, high profitability which have allowed them to expand into all sectors, achieve near-unassailable dominance of the major markets and, throughout the 1970s, effectively dictate the level of prices.

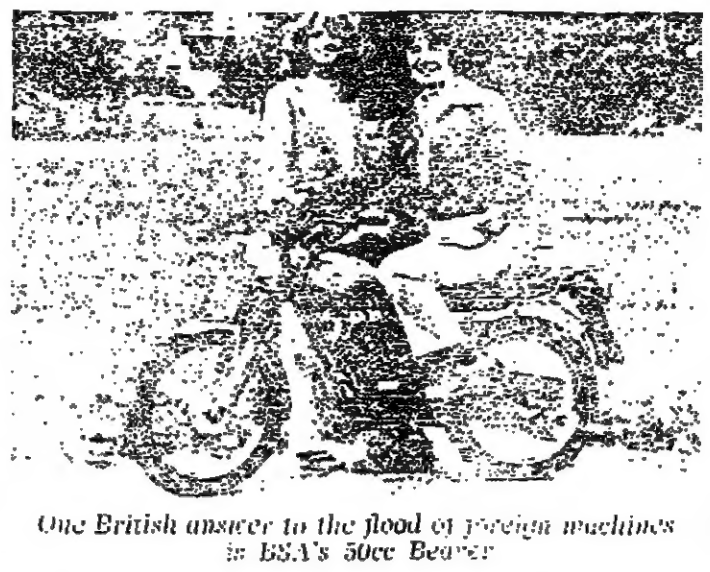
Recreation

However, in the developed world at least, the prospects for increasing the overall size of the markets for traditional motorcycles as a basic means of transport now appear to be limited. Such growth as remains is coming more from new uses for the motorcycle, notably for recreation.

There has been a substantial upsurge in the manufacture of specially-styled "off-road" motorcycles — an innovation largely pioneered by the Japanese—and in the superbike cult, with ever-larger and more expensive machines—BMW's top of the range R100RS sells at well over £3,000 in the UK for example—being bought often as fair-weather second vehicles by affluent car owners.

At the other end of the scale, however, mopeds—almost a market of their own—suffered a consistent decline in sales in most markets after the world adjusted itself to the effects of the 1974 oil crisis, but are now starting to regain ground as the result of the more recent round of fuel price rises. Again, a substantial proportion is being bought as back-up commuter vehicles by car owners.

These trends are reflected in the British market. In the first half of this year, according to the Motor Cycle Association, which represents the manufacturers, sales of superbikes (those above 750 cc) at just under 8,000 were 67 per cent above the level for the same period a year ago. Sales of mopeds, at 36,428, were showing a rise of 53 per cent.



One British answer to the flood of foreign machines is BSA's 50cc Beaver

On the other hand, sales in all intermediate categories, with the exception of the popular 250 cc market (a special case in Britain: it is the highest-capacity vehicle which a learner can ride) at best were holding steady, at worst—in the 350 cc-500 cc bracket—showing a fall in sales of 28 per cent.

In the U.S., the most valuable market for motorcycle manufacturers, with well over 5m bikes on the road, the increase in sales similarly has been in the superbike and off-road sector. Growth in the latter has been far more spectacular than in Europe, an inevitability given America's vastly greater opportunities for off-the-road riding.

But increasingly there are rumblings from the environmentalist lobby seeking restrictions on riders' access to the countryside, and the cloud over the machines' future, though small, could yet grow swiftly. However, the styling of these machines has set a trend in Europe as well, and given a further boost to sales among young riders and in the replacement market.

At the same time, with the Americans, too, at last starting to feel the pinch from fuel shortages and higher prices — though pending price decontrol they remain at only half European levels — manufacturers expect that this time round smaller, more economical, bikes might fare much better. Certainly mopeds, almost unknown in the U.S. a couple of years ago, are now appearing in ever-increasing numbers, particularly on the trend-setting West Coast.

The prospects for growth in the developing world are considerably different, and are receiving increased attention from manufacturers. With cars for many still an unobtainable goal, mopeds, scooters, and light motor-cycles (the two principal European manufacturers of scooters, the Italian concerns Vespa and Lambretta, are starting to see some revival in European markets for the first time since the scooter fad faded in the 1960s) are coming into their own.

While there is a major Japanese presence here as in the developed world, the growth in demand is such that, in India, for example, despite the best efforts of a flourishing domestic industry comprising 27 different companies which made more than ½m lightweight two-wheelers last year, there is a waiting list of up to six years for the most popular models.

India's industry, much the largest of the developing world, has set itself a target of producing more than 600,000 two-wheelers of all types by 1982-1983, with scooters accounting for two-thirds. Its fledgling exports industry is also expanding quickly, with nearly 30,000 vehicles being exported to neighbouring Third World countries last year.

Despite their continuing domination of markets, the Japanese have not been enjoying a trouble-free existence during the past 18 months or so. The yen rose sharply last year, particularly against the dollar, hitting operating profits quite sharply. Honda's were down by nearly 18 per cent, though this figure includes car sales as well. Suzuki's and Yamaha's were down by slightly less.

In addition, overseas sales to some Third World countries ran into problems such as the disturbances in Iran and balance-of-payments problems with Nigeria, where Honda plans this year to set up a joint venture to produce 100,000 light motorcycles a year.

Record

Although value of the yen has dropped back considerably, the first half of this year has seen a fall in the Japanese manufacturers' motorcycle exports overall—of about 27 per cent to 1.2m units. Exports to the U.S. were down 14.1 per cent and to Europe down 15.3 per cent.

However, given the boost of higher fuel prices, the coming 12 months are expected to produce better fortunes, and certainly this appears to be borne out by the latest developments in the British market. Since spring, sales have risen sharply and the industry is projecting sales for the year of 280,000, a 20-year record. Honda, which through its 900 dealers holds 46 per cent of the UK two-wheeler market—more than twice the share of its nearest (also Japanese) rival, reports buoyant sales, particularly of its superbikes (in which, until the introduction of its CB900 and 1000cc CBX models at the end of last year, it had lagged behind other of its Japanese rivals, notably Kawasaki).

Meanwhile, a big question mark hangs over the Meriden co-operative and the 750cc Triumph motorcycles which, apart from the new BSA venture, are almost all that is left of an era.

The co-operative, set up in 1975 with the aid of a £¾m grant and £4.2m loan from the former Labour government, has been short of working and product development capital from the start.

Despite interim help from GEC and a further £½m government grant the twin burdens of a strengthening pound cutting sales and margins in its main market—the U.S.—and the seemingly endless new Japanese rivals to what is basically a 30-year-old design, saw the company by last month with substantial unsold stocks and a refusal by Sir Keith Joseph, Industry Minister, to waive £1.2m in overdue interest charges.

Since then, the Government has agreed to wait—probably until October—for its interest payment. And last Wednesday, Meriden's other creditors gave their support to the company's efforts to find a financial partner. Production, meanwhile, has been cut from 300 to 200 motorcycles a week, and the 620-strong workforce has accepted a further 60 redundancies.

Mr. Geoffrey Robinson, the Labour MP who is also the co-operative's chief executive, now reckons the company has "at least a fighting chance for survival."

But if Meriden does go, there will be one last, but infant, British foot still trying to keep the door on the large motorcycle market open: at the same time as NVT is struggling also to get a toehold in the moped and light motorcycle market with the BSA models, it is also hard at work developing a super-bike of its own.

If and when it reaches the market it will be revolutionary in the truest sense: it is planned as Britain's first Wankel-engined motorcycle.

Design strays into bulk

AS A RIDER whose high-speed *wheeltracks have criss-crossed* a score of countries these past two-score years, I have long regarded 400 lb (and the bulk that goes with it) as an approximate dividing line between a lithe, zestful motorcycle and a cumbersome two-wheel tank. Yet the latest and most exotic Japanese superbike (the six-cylinder Kawasaki Z1300), when tanked up with fuel for its 120 bhp engine, weighs just over 700 lb.

I would like to lower my dividing line to 350 lb but that would be unrealistic. The comprehensive equipment we nowadays take for granted—electric starting, effective silencing, powerful lighting and winkers, not to mention comfortable seating and suspension—pushes that target beyond reach.

Indeed, I confess to a few love affairs with powerful V-twins of 450 lb, such as the Italian Ducati or British Vincent (extinct these past 24 years). But only because they were relatively slim and low-slung, so that I didn't feel I had bartered carefree handling for straight-line performance.

Certainly, if motorcycles are to retain their basic attractions of manoeuvrability and easy handling and manhandling, 700 lb of material ought to make two machines, not one.

Excessive weight and bulk are not the only evidence that Japanese design has gone astray. Other superbikes, especially some of the three-cylinder two-strokes fashionable a few years ago, offended less in weight, more in thirst. Designed for spectacular acceleration (and with a rearward weight bias that makes it easy to reinforce the spectacle by lifting the front wheel), several machines have recorded less than 30 mpg on test, even at a steady 70 mph in top gear.

In conjunction with stupidly small petrol tanks, these appalling consumption rates reduce the range of many a superbike to less than 100 miles.

There are two schools of thought as to why Japanese manufacturers have, these past 10 years, gone up this extravagant design path.

In the first case the American customer is the scapegoat. He is affluent (the argument goes) and his tastes, in European eyes, are immature. To him, biggest is best in motorcycles just as in limousines, Idaho potatoes and Californian Redwood trees.

Since he pays the piper, he calls the tune and the Japanese industry gladly supplies what he wants, for the sound commercial reason that the American market absorbs the bulk of its output, save for small commuter bikes.

The other school of thought blames the manufacturers for engaging in a one-upmanship struggle to outdo one another by marketing ever bigger and more powerful prestige models, confident that the Americans will be unable to resist them.

Toy

Either way or both, the so-*called superbike* is virtually a complex American toy that can hardly be taken seriously in any other context. It makes no economic sense. Indeed, with the growing awareness that our planet's resources are finite, its extravagant use of materials and fuel seems slightly immoral.

Make no mistake, though: in technical terms Kawasaki's Z1300 engine is a credit to the automotive industry as a whole, let alone the motorcycle division. However deplorable the worship of surplus power *and weight as virility symbols* on the sundown side of the Atlantic, Kawasaki have pandered to it with a power unit of extraordinary sophistication.

In quietness and exhaust cleanliness they have met the hysterically stringent Californian *legislation* right up to 1984. To reduce the level of carbon monoxide and unburned hydrocarbons emitted from the silencers they have devised an afterburning system that is not only the first ever built into a motorcycle but also the first on any vehicle that is automatic rather than using a pump to feed air into the exhaust ports.

This and other design features go some way to undercutting the price paid by car manufacturers in general for clean exhausts, namely excessive fuel consumption. Unfortunately, the Z1300's complexity and robustness make the bike as a whole much too heavy and bulky for mature European tastes.

The only European highways where the machine could be given its head are in West Germany, where the law limits power to 100 bhp anyway. In Japan itself the engine is well over the capacity ceiling of 750 cc. And even in America the machine's 140-150 mph potential is incongruous, to say the least, *in the context of an overall 55* mph speed limit.

Admittedly, the Japanese are not alone in marketing two-wheel monsters. Other manufacturers have had to follow suit or see their exports dwindle. Nor have the Japanese neglected the vast market for smaller machines, which they expanded enormously in the 1960s. Even here, though (and, surprisingly, in their grand prix activities), they have always tended to over-concentrate on engine design at the expense of the chassis.

Five-figure engine rpm rates are inevitable under the international formula governing grand prix racing. In roadsters, however, they are no substitute for the charm and flexibility they preclude, and no justification for abnormal thirst.

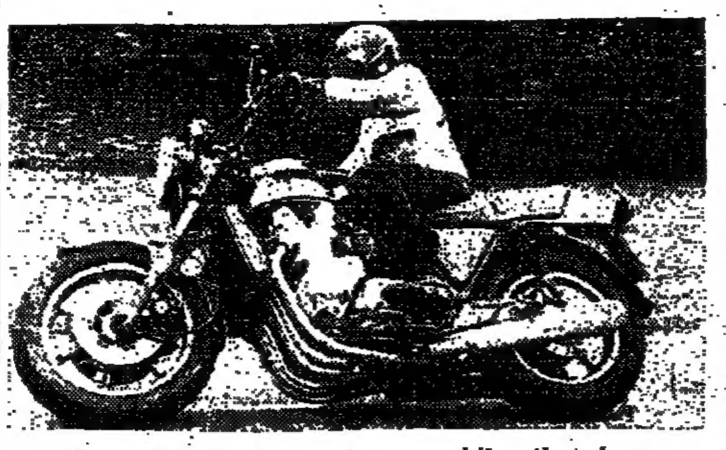
Psychologically, the seeming lack of maturity in Japanese design may be nothing more than a reflection of the extreme youth of their industry and its personnel. For several years Honda boasted that the average age in *all departments of their* organisation was about 23 years, hence its vitality.

Yet when Suzuki invited me to their factory three years ago and made a similar claim, they confessed that they would like to enlist some experienced designers from Europe. They recognised that, however well trained an engineer (and those in the Japanese industry have ample academic qualifications), experience and maturity come only with time.

There is scant likelihood of European designers of the required calibre uprooting themselves in middle age and transferring permanently to so alien a culture. The Japanese will acquire their own maturity in time and the process may be hastened by world opinion increasingly hostile to extravagant use of resources.

Vic Willoughby
Technical Editor, Motor Cycle Weekly

In this section, which continues on page IV, Financial Times correspondents examine the state of the industry and the market in a number of important countries.



Kawasaki's Z1300: hefty superbike that is a sophisticated answer to California's stringent legislation on exhaust emission

Japan: unchallenged

THE JAPANESE use the word "meibutsu" to describe a product or craft which has gained a particular reputation as the specialty of one region and is available only in that area. The motor-cycle industry feels very much that its products have *become such a "meibutsu" to* the entire world, with only four varieties available: Honda, Yamaha, Suzuki and Kawasaki.

The remaining makers around the world are tecnologically as competent as the Japanese (just as there are virtually no differences in quality among *the* Japanese companies themselves), but no one expects any challenge to Japan's domination.

The reason for this confidence is basically scale of production combined with marketing skill. Japan since the 1960s has been the largest producer of motorcycles in the world, with about 70-80 per cent of the world market share at present.

Starting with Honda, the Japanese companies have achieved their success by creating new markets where demand did not exist, the first such market being Japan itself which became the first mass market for motor-cycles and the springboard for Japanese companies to the rest of the world.

In 1956, Japan produced 332,760 motorcycles; in 1960, it produced 1.5m; five years later it was producing more than 2m and by 1970 nearly 3m a year. Last year close on 6m were made of which 3.7m were exported.

Japanese exports took off in the early 1960s when the mass production of motorcycles for the domestic market enabled Honda and others to sell small bikes cheaply. Exports soared from 56,000 in 1960 to 2.3m in 1970, reaching a peak in 1976 at 3.9m.

Last year sales overseas were reduced by disruptions of exports to Iran, Indonesia and Nigeria (which suffered payments problems), as well as the sharp appreciation of the yen during most of the year. As a result, operating profits at the three makers which concentrate most *heavily on motorcycles fell* —Honda by 17.8 per cent, Suzuki by 13.4 per cent and Yamaha by 16.9 per cent (Kawasaki is most heavily involved in other areas such as shipbuilding).

This year, however, the situation in various troubled countries seems to be easing. The yen has lost a good part of last year's exchange gains and a greater interest in fuel economy could help exports, but for the first six months of 1979 exports dropped 27.2 per cent from the comparable year-ago period to 1.207m machines. Exports to North America were down 14.1 per cent to 385,816 units (32 per cent of the total compared with a 27.1 per cent share); Europe was down 15.3 per cent (29.8 per cent of the total), and South-east Asia down 31.6 per cent.

With the advantage of scale assured, the Japanese companies have turned the motorcycle market into what amounts *to a fashion show*—with numerous minor style changes being introduced at home and overseas on the standard motorcycles and attempts to cultivate new tastes for leisure, sport and (most actively now) the so-called "family" use bikes which are *small and suitable to* go shopping on.

The emphasis still by the Japanese is on creating new markets, which it did several years ago in the U.S. with, for example, the introduction of off-road bikes, which put them well ahead of any potential competitor. All of the major producers have edged towards the very large motorcycle market (Honda will produce a 1,050 cc bike in its new U.S. plant), but in Japan itself the largest capacity allowed is 750 cc.

Other engineering innovations also play a role secondary to sales promotion. The Japanese are now producing 400 cc machines with water-cooled engines and others with drive shafts instead of chains, but such changes have little impact on the market.

Industry-wide, 83 per cent of the bikes sold last year in Japan were 50 cc and under, with 53 per cent of those in the "family" bike class.

Richard Hanson

United States: relinquishing the market

DEPENDING ON how one defines terms, the American motorcycle industry will consist in 1979 of one, two or three companies.

Harley-Davidson, the last surviving American-designed, American-manufactured bike on the market, has been, since 1969, a subsidiary of AMF Inc., the sprawling producer of recreational and industrial products. From about that same year, it has had to learn to share the American market, and in the case of light and medium-weight motorcycles, relinquish it to Japanese competitors.

And then in 1975, Kawasaki Heavy Industries, through its subsidiary Kawasaki Motors Corporation, U.S.A., started motorcycle production in a plant in Lincoln, Nebraska, which employs 650 people and produces 20 per cent of the motorcycles Kawasaki distributes in the U.S. In 1978, when the U.S. International Trade Commission investigated the domestic motorcycle industry, it considered Kawasaki to be a U.S. producer of motorcycles.

By November of this year, there should be a third comer. Honda of America, a wholly-owned subsidiary of Honda Company, is expecting to open a motorcycle assembly plant in Marysville, Ohio, employing 500 people initially and producing 60,000 specialised racing bikes annually. Already the largest producer of motorcycles in the world and the largest distributor in the United States, Honda is hoping to expand its markets in the American midwest substantially by using Marysville as a central distribution point.

But the midwestern location has also brought with it a four-month delay caused by record snow levels last winter. The delay comes at a time when energy fears are again gripping the nation and the economy is registering recession.

One Honda *spokesman* theorised: "Specialised motorcycles are the most sensitive to a recession. We have a diverse line of products so we can adjust quite easily. If gasoline gets tighter down the road, it *may be we'll switch to* where we might be producing more mopeds."

A tight fuel situation generally means a spurt of buying in the economy range of the motorcycle industry, and this time is *no exception. Honda* and the other Japanese producers are enjoying what one observer called "the great Spring and Summer motorcycles bonanza," with even the weather conditions conspiring to help sales. It is to some extent a repeat performance of the situation after the 1973 oil embargo when U.S. consumption of motorcycles increased 24 per cent in one year.

Attitudes

An important difference may be in consumer attitudes toward the crisis. In hindsight it is evident that the American consumer did not identify the last oil shortage with a lasting energy crisis. Demand fell precipitously once the immediate *problem* was resolved.

Industry observers agree that today "the consciousness level is not the same," as a Kawasaki spokesman put it. "They perceive the crisis as being much more real and much more long-lasting."

In any *case, the short* range is very encouraging. Registration of new motorcycles in May of this year was up 14.3 per cent over May of last year. Shipments from producers to dealer outlets was up 12.8 per cent by the end of June as compared to *that time a year ago*. The largest increase has been in small and street-range models, the kind generally used for short commutes from home, for example, to place of business.

A spokesman at AMF described sales of the Harley-Davidson models, *all of* which are big bikes ranging from 1000cc and up, as "robust," but readily admitted that Harley-Davidson has not participated as fully in the bonanza as the other producers of smaller, less expensive bikes.

"But Harley-Davidson stands to benefit in the next couple of years. Traditionally, the buyer of a Harley has ridden two other smaller motorcycles before he or she is ready for the big bike. But then we've got a hard core of commited followers who will keep on buying their Harley's even if it means taking the milk out of baby's mouth."

The tendency of consumers to "trade up," from smaller motorcycles to larger, more sophisticated ones made specially for on or off-highway use, has resulted, according to the U.S. International Trade Commission, in an increase in the market segment for heavyweight motorcycles from about 10 per cent in 1972 to about 30 per cent in January-June 1978. And Harley-Davidson has by far the largest share of that with 40-42 per cent market penetration in the heavyweight category. AMF is enjoying its twelfth consecutive year of increased registration by buyers of *new Harleys*.

So it is that AMF, after discontinuing an unsuccessful lightweight operation in 1976, and having emerged from a futile campaign to get the federal government to penalise Japanese importers for dumping their bikes at less than fair value which, AMF charged, was hurting the domestic industry, *seems to be settling down*.

It has quadrupled expenditures on engineering improvements for its Harleys since 1975, tripled them in the past year alone, chiefly to meet federal noise levels but also to develop new models. It is now building on its strength, the big, beautiful and of course powerful "hog" Mr. Harley and Mr. Davidson started building in 1903.

Carole Korzeniowsky

Austria: success in moped exports

PUCH MOPEDS, manufactured at the Graz plant of the Austrian motor concern, Steyr-Daimler-Puch, have become a household *name in the highly-competitive* international moped markets.

A few figures prove the remarkable record of success achieved in the face of tough competition by Japanese, French and Italian makers. In the first half of 1979 Puch models accounted for 51 per cent of the market in Denmark, 44 per cent in Switzerland, 34 per cent in the Netherlands, 30 per cent in the U.S., 26 per cent in Sweden, 18 per cent in the UK and ten per cent in West Germany.

Needless to say, the Austrian make also dominated the home market with a stake of 60 per cent as against 55 per cent in the same period last year.

Steyr-Daimler-Puch, currently the single largest producer of two-wheel products in the German-speaking area, occupies the number three place in Europe and with Japan, Italy and France belongs to the four leading world exporters. Last year Austria produced in all 298,657 mopeds as against *247,020 a year earlier. Exports* during the same period jumped from 203,325 to 231,662 machines. However, motorcycle output was down from 9,006 to 7,629 with a similar fall in exports which dropped from 8,590 to 6,681 machines.

Exports are a question of life and death for the moped sector since marketing experts reckon that the domestic market this year will absorb only about 12 per cent or about 25,000 Puch models, which means that exports should reach a staggering 88 per cent of the total output. Turnover during the first half of this year reached Sch 700m (about £23m) with exports accounting *for 85 per cent. But the steady* appreciation of the Austrian Schilling against the dollar casts a shadow over future operations both in the U.S. and other major markets overseas.

In terms of volume Puch achieved spectacular successes, above all in the U.S. Steyr of America Inc. reported a 48 per cent jump in sales to Sch.366m last year. The case of the U.S. shows that engineering excellence coupled with aggressive marketing and a flexible entrepreneurial approach can achieve an unexpected breakthrough.

Leader

By moving up-market and turning out high-quality mopeds and also expensive bicycles of *superior design and specification*. Puch within two years has emerged as the absolute leader of the highly-competitive U.S. market which is still seen as a growth area as against most European countries. The energy crisis is likely to give a further boost to the moped as a basic personal short-haul vehicle, both cheap and practical.

Faced with the massive Japanese challenge and the negative effect of the hard Austria Schilling in the U.S., Britain and even in the important Scandinavian markets, Steyr-Daimler-Puch is turning its main attention to diversifying its foreign operations with more and more emphasis on exporting technological know-how and knowledge-intensive products, primarily engines.

This was the basis of a pioneering three-corner deal signed last year with Murray Ohio, the largest *American* bicycle producer, and with the two largest mass merchandise chains, Sears-Roebuck and J. C. Penney. Currently, Murray Ohio, in its plant in Brentwood, Tennessee, assembles an estimated 80,000 mopeds a year, with Steyr providing engines and gears and the U.S. partners the frames, with the final products sold by the mass merchandisers under a private label.

In addition to extensive dealer support programmes, involving 10,000 dealers all over the world, *and constant attention* paid to after-sales service, the company seeks to further reduce fuel consumption by 25 per cent, to dampen noise, to improve automatic transmission and to adjust Puch engines to future legislative changes. New testing and research and development facilities are expected to cost Sch 90m in the next few years.

The moped sector belongs to Steyr which had an annual turnover of the Sch11.3bn last year, employing almost 17,000 people who turn out a variety of products, ranging from lorries and tractors to precision rifles, ball bearings and light tanks.

As the company is involved in major co-operation projects with Daimler-Benz in the field of developing a new cross-country vehicle, with BMW in producing diesel engines and in foreign ventures in Greece and Nigeria, its forward-looking and international-minded management is well placed to retain Austria's pre-eminent position in the European moped league.

Paul Lendvai

Italy: dangers from Japan growing

FOR ALL its troubles, the Italian motorcycle industry remains the principal bastion in Europe against the ever expanding threat posed by the Japanese. A sweeping restructuring has taken place in Italy in the past decade or so, as profound *financial difficulties* finally have caught up with some of the family-controlled companies which formed the backbone of the sector.

The country's industry today is very roughly organised around two major groupings: at the bottom end where the Genoa-based Piaggio group is predominant in the manufacture of mopeds, scooters and models of up to 125cc capacity; and the market for more powerful machines where famous names of the past such as Benelli and Moto Guzzi are now part of the empire put together by the Argentine-born entrepreneur Sig. Alessandro de Tomaso from his headquarters in Modena.

As the industry's trade association made abundantly clear in its latest annual report, the dangers deriving from Japan and its stable of high-volume producers such as Honda and Kawasaki, is still growing. But the sector as a whole is a useful contributor to Italy's balance of payments with a *surplus of* about L230bn ($280m) earned in 1978.

While exports, including those of spare parts and components, jumped 11 per cent last year to L280.1bn, imports grew much more slowly, by only 2.7 per cent, to L50.5bn.

The biggest share of output, which climbed just 1 per cent last year to 1.22m units from 1.20m in 1977, is accounted for by mopeds with almost three-quarters of the total. But in 1978 the slack state of export markets contributed significantly to a drop of 4.5 per cent in unit production.

What is making matters worse, the Italian producers claims, is the continuing lack of an agreed definition internationally of what constitutes a moped. Its absence has led to a mass of conflicting legislation in export market countries, making planning and rationalisation more difficult for the manufacturers.

Symbol

However, the cheerless state of the moped sector has been offset to a large degree by the boom enjoyed by scooters—on a scale reminiscent of the 1950s when the 6m Vespas produced by Piaggio became a symbol of the nascent industrialisation of Italy after the wartime devastation.

Last year, output of scooters with an engine capacity of over 50 cc jumped by a third. The sharp increase everywhere in the price of petrol and tightening curbs and congestion in city centres are pointers to a hopeful future for the smaller-capacity machines.

As a result production of motorcycles and scooters (but *excluding mopeds*) rose by more than 18 per cent in 1978 to 882,000 units, with the growth almost completely limited to the 126 to 200 cc class. *But for motorcycles* proper, the picture was less encouraging, due inevitably to the inroads of the Japanese, even into Italy itself.

To the industry's great discomfort Honda now has an assembly plant near Chieti, and *in terms of quality* as well as price is only too competitive with its Italian rivals. Domestic output of more powerful motorcycles—250 cc and upwards—was stagnant last year, while in volume exports actually dropped by 10 per cent.

Overall Italy nonetheless still manages to sell abroad over a quarter of its production of mopeds, scooters and motorcycles — predominantly to Europe and the U.S.—but with the odd impudent success in the backyard of the Japanese. *Indonesia*, for example, imported almost 47,000 Italian scooters in 1978, according to trade association figures. But in Third World nations, motorcycles, particularly of the utility variety, face the familiar problem of an emerging low-cost domestic industry.

Within the sector Piaggio — responsible also for the popular Ciao moped — remains easily the largest company, employing 10,000 workers with total sales of more than L250bn in *1977*, and profits of L8.6bn. Apart from the Ciao and Vespa models, it also produces a smaller number of the more powerful Gilera machines, following its takeover of that company in 1969.

But most of the headlines have been made by the former racing driver De Tomaso. Other than Benelli and Moto Guzzi which he acquired in 1971, his group also comprises Innocenti and Maserati. In the past 10 years Sig De Tomaso has made a *habit of taking* over crisis-torn concerns, but his autocratic methods of management have frequently brought him into conflict with the unions. But as the self-styled scourge of the Japanese, and saviour of companies that otherwise might well have gone under, the price has been one that the authorities have had little choice but to pay.

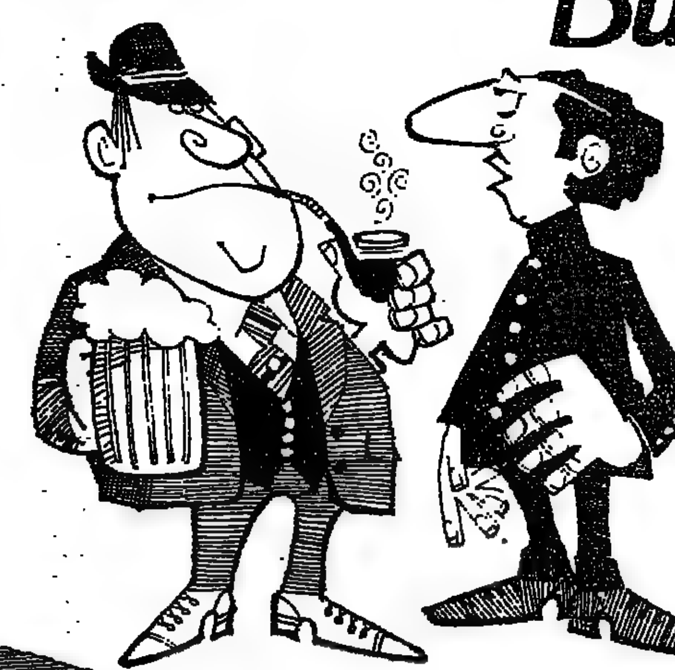
His ideas too have been controversial: for the Innocenti works at Milan to diversify into motorcycles and turn out 350 cc and 500 cc engines, and for a production link-up with the troubled co-operative at Meriden.

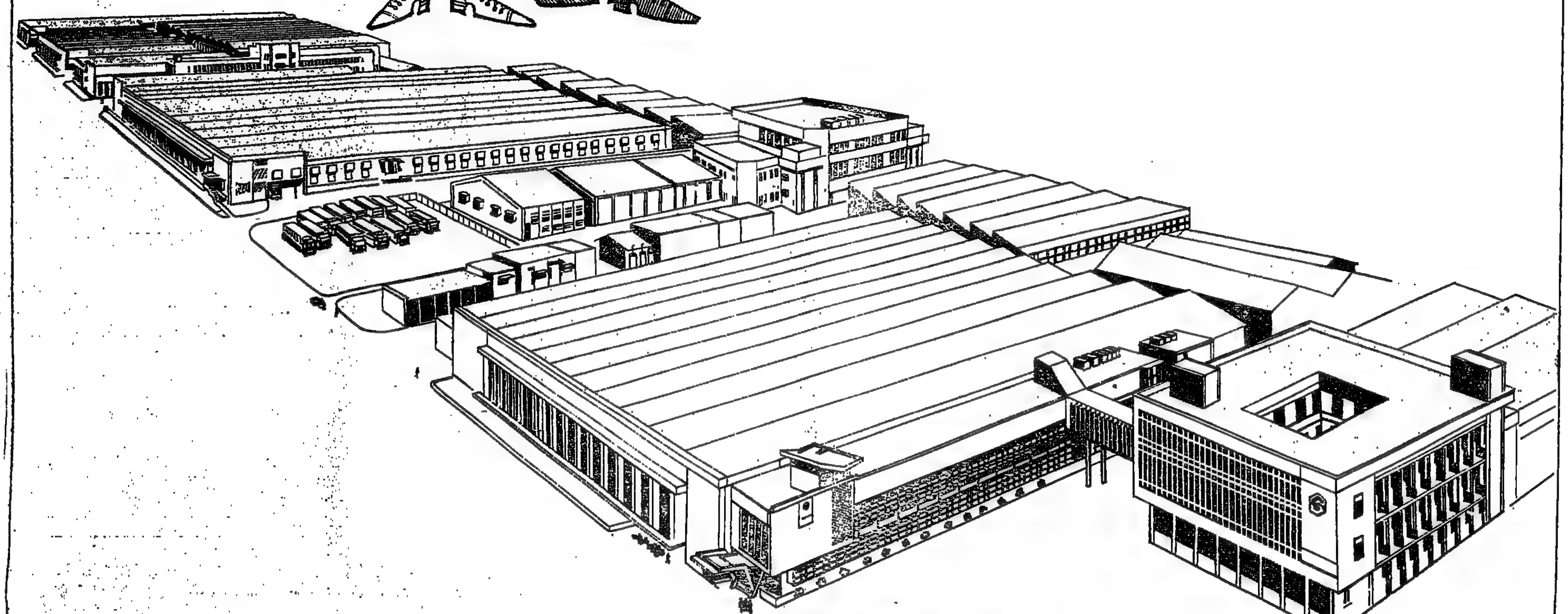
In competition with the giant Japanese groups and all the resources that they command, the Italian manufacturers certainly face an uphill battle, but the signs are that the fight-back has started.

Rupert Cornwell

هكذا من الأصل

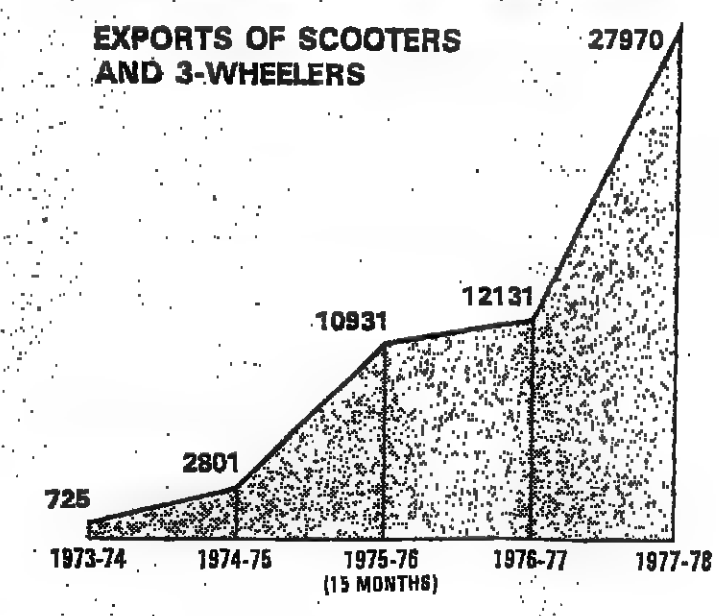
But on the world scooter scene Bajaj Auto are second largest

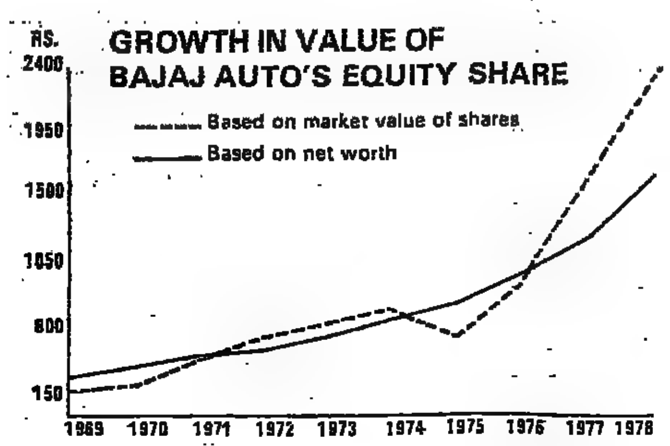




SCOOTER AND 3-WHEELER PRODUCTION

1973-74	57399
1974-75	64813
1975-76 (15 MONTHS)	98545
1976-77	117654
1977-78	136689





To many people it comes as a surprise that India is the world's tenth largest industrial nation.

A number of large manufacturing organisations have contributed to this dramatic growth; one of which is Bajaj Auto.

A company which employs modern mass production techniques, ruthless quality control, and is the second largest scooter manufacturer in the world.

THERE ARE EVEN MORE COMING

At Bajaj Auto's 64-hectare site at Poona, there is great excitement over the company's expansion plans.

New bays are already coming up to accommodate the men and machines which will push production up to 250,000 scooters and three-wheelers a year by 1981.

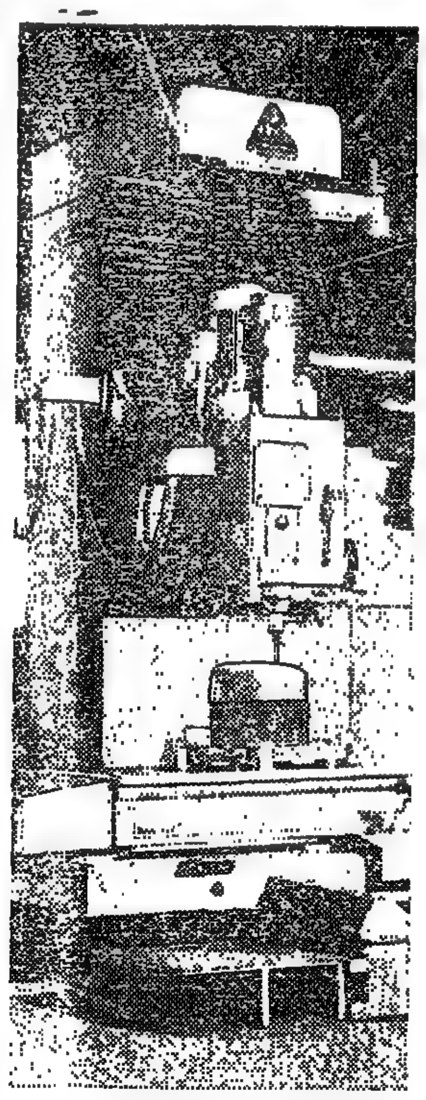
PARTLY, TO MEET INTERNATIONAL DEMAND

In the last ten years, thousands of Bajaj scooters have found their way into many countries, from South-East Asia to the USA.

Indonesia and Taiwan make their own Bajaj vehicles under licence.

PHYSICAL FACTS

Bajaj Auto employs over 5,600 people and its turnover in 1977-78 exceeded US$ 72 million.

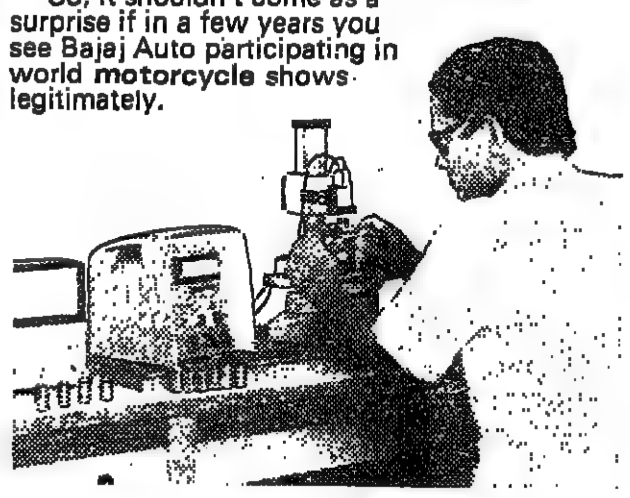


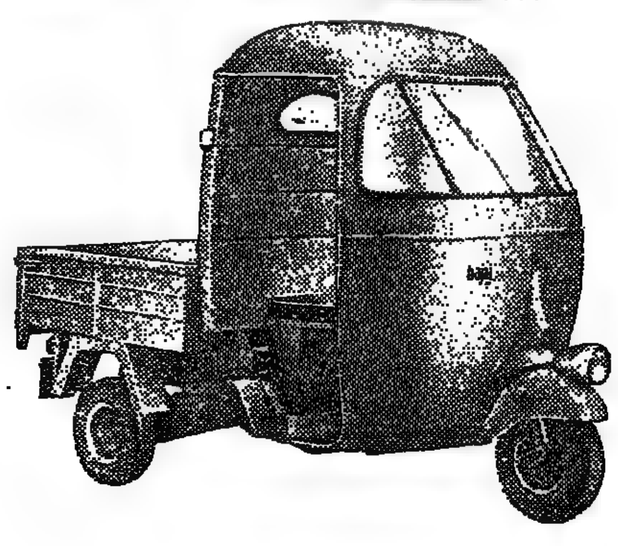
NOW WHAT?

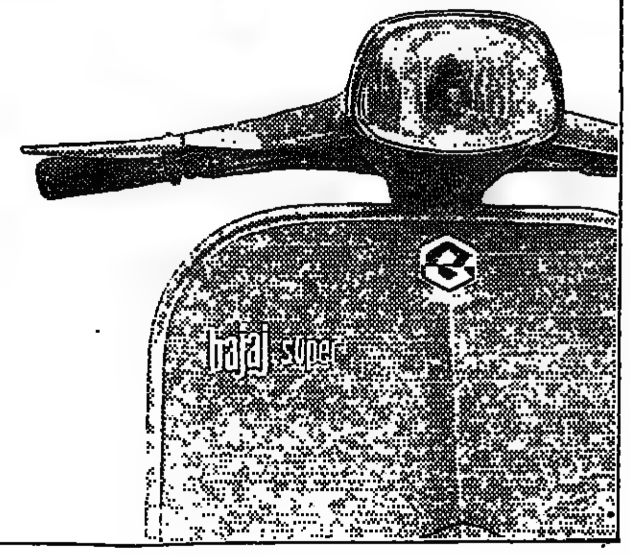
Bajaj Auto is professionally managed; has excellent facilities for mass production, quality control and research and development. Plus, a vast domestic sales and after-sales service network.

With such sound assets, it is obvious that the company must have important plans for the future. For increased production as well as for diversification.

So, it shouldn't come as a surprise if in a few years you see Bajaj Auto participating in world motorcycle shows legitimately.







bajaj auto ltd

AKURDI POONA 411 035 INDIA

The world's second largest scooter makers

LC0209

W. Germany: dollar price problem

BMW MOTORCYCLES, the subsidiary of the thriving West German car manufacturer in Munich, is going through what Herr Eberhard von Kuenheim, BMW's chairman, descriptively calls a "thirsty stretch."

This does not mean that BMW Motorrad with its factory in West Berlin is about to go the way of so many illustrious European motorcycle marques. For this the parent automobile company is far too resourceful and profits from motorcycles have been too high to even contemplate throwing in the towel.

The figures tell the story. Production of BMW's coveted and expensive machines fell 10.5 per cent in the first half of this year compared with the same period last year, from 15,255 units to 13,646. Sales, however, were higher at 16,309 units from January to July against 11,619 motorcycles sold in the first half of 1978. These were from carried-over stocks, accounting for the 41.1 per cent increase in sales this year.

Orders at BMW in the first of 1979 were running 44 per cent higher than last year, so that BMW calculates that total sales this year probably will exceed last year's 23,580 units. In 1977 BMW sold 31,515 machines.

Reason

The reason for the cutback in production earlier this year is that BMW's foreign sales especially in America where they were down about 40 per cent, were hit by the rising Deutschemark rate against the dollar which boosted the price in dollars of BMW motorcycles to the point where the Japanese with their ever-heavier machines have cut strongly into sales.

Although domestic German sales were boosted 25 per cent and sales to the UK were up 60 per cent they were not able to make up for the overall 28 per cent drop in exports. Turnover last year of BMW motorcycles fell 14 per cent to DM 208.7m.

While BMW produces a range of heavy motorcycles that start at 473cc (the R45 model) and go up to 980cc for the R100 models, other long-established German manufacturers such as *Kreidler and Zündapp turned* out 41,000 light motorcycles (above 50cc) last year.

The West German motorcycle industry has been decimated since the early 1950s by the same fall in sales and industrial concentration familiar to other European countries. In 1953 West Germany produced 440,000 motorcycles and by the mid-1960s this had plummeted to a low point of 55,000 motorcycles. Of the 85,000 newly-registered motorcycles in West Germany last year in the class just above 50cc, nearly 83,000 were imported, mainly from Japan.

From January to May of this year, West German production of the small Mofas with a top speed of 25 kph was down 2.8 per cent to 80,155 units while imports were up 22.6 per cent to 57,670 units. Production of mopeds with a top speed of 40 kph was down 68.5 per cent to 11,892 units while imports in *this category also fell 28.2 per* cent to 3,794 machines. Last year's production of 340,000 motorcycles was 20 per cent below that in 1977.

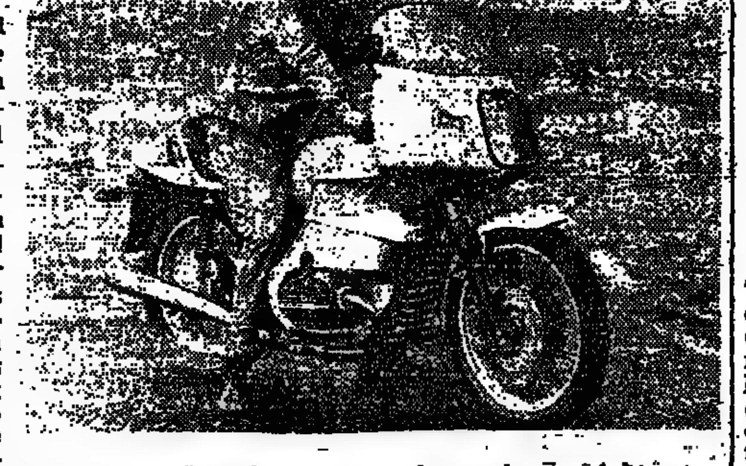
Demand

The strong demand in West *Germany for lightweight motor*cycles over 50cc continues despite a doubling of insurance premiums. Last year more than 100,000 of these machines were sold in West Germany compared with 77,000 in 1977.

On the West German market for heavier motorcycles, four Japanese companies alone have achieved a market share of 85 per cent. BMW, by contrast, has 11 per cent of the market but nonetheless has invested more than DM 230m to expand its West Berlin motorcycle plant. For the time being though the new factory is going to produce parts for BMW cars until demand warrants added capacity for motorcycle production.

The widespread criticism in *West Germany of over-powered* motorcycles has led to an upper limit of 100-bhp on machines sold in West Germany. A European Community directive on engine noise reduction is shortly to become law in West Germany but there are no immediate plans to limit the *exhaust emissions of motor*cycles.

Leslie Colitt



BMW is West Germany's sole producer of large-capacity machines. The 1,000 cc 100 RS model pictured costs about £3,400 in Britain

France: moped rivalry

FRANCE TRADITIONALLY has been regarded as a nation of enthusiasts for two-wheeled transport. On top of the passion for cycling, which reaches its annual climax in the Tour de France, the country's climate lends itself to the wide use of mopeds and motorcycles.

But while these features of French society remain strong, it is nonetheless true that in recent years there has been a steady drift away from two wheels. Even the shock of the 1973 oil crisis did little to disturb this trend.

For the French manufacturers, this decline in interest has brought much tougher market conditions. While the French industry has not pretended, in recent years, to compete seriously in the upper range of motorcycles, it has established a leading position in Europe in the market for mopeds and lightweight motorcycles. It is now being heavily attacked in this sector by the burgeoning Japanese manufacturers at the same time as the market itself is beginning to dip.

The effect of these changes has been to put Motobecane, one of the two big French moped manufacturers, under considerable pressure.

It is calculated that in 1974, the year when higher petrol prices really began to bite, Motobecane and Peugeot, along with a few other French producers, sold about 1m mopeds in France. Last year this figure had been reduced to almost half—514,000—and the position does not appear to have improved in the first half of 1979.

Motobecane tried to break out of this gradually deteriorating situation by taking over one of its rivals, Velosolex, in 1975. But this move was a failure. Velosolex machine sales were already on a declining curve, and *Motobecane was unable to pull* it back into popularity. Hence a heavy financial loss, a further decline in market share, and factory closures at Velosolex.

At Motobecane proper, similar difficulties are now presenting themselves. Last year the company shed 250 workers at its St. Quentin factory, and this year it intends to lose a further 450 out of a total workforce of 2,900. At the moment this move is held up only by the authorities, who are examining the application.

Peugeot, the car company, holds a small percentage of the Motobecane equity, and also supplies its competitor with some of its parts. Moped output at Peugeot dropped quite sharply last year—by 5.8 per cent to 447,800 units—but it managed to do better on the French market than most of its competitors, raising sales by 1.5 per cent to 268,000 units.

Pursued

This improvement is attributed mainly to Peugeot's marketing strength: it has pursued the youth market in particular, catching this trend in advance of it rivals.

Total moped sales in France last year amounted to 608,000 units, a fall of 8.1 per cent compared with 1977. Of these, about 100,000 units were sold by *importing companies,* while the French manufacturers continued to try to make up for this incursion by exporting more themselves. Despite their success in the U.S., where both Peugeot and Motobecane have made extensive inroads, total output fell from 963,000 in 1977 to 836,500. Peugeot (447,000) accounted for the largest production, followed by Motobecane (383,000), SICMA (2,000) and BPS (700).

Although the French manufacturers still dominate the moped sector, they have suffered heavily in the market for vehicles of between 50 cc and 125 cc. *Here, in the so-called* "velomoteur" sector, the Japanese have made a great killing. Against the French manufacturers' sales of 1,600 units last year (compared with 2,800 in 1977), the foreign manufacturers had registrations of 75,300 (91,000 in 1977).

Among these, the two Japanese makes, Yamaha and Honda dominated — Yamaha with *almost* 30,000 sales and Honda with 25,600. The two other Japanese producers, Suzuki and Kawasaki, came next in the sales league with 8,500 and 2,800 respectively. Other foreign producers, such as Harley Davidson of the U.S., are also doing better than the domestic manufacturers.

In motorcycles proper — machines of over 125 cc — the Japanese are also in the leading position. With a spread of products across the power range, they completely outshine competitors such as BMW, Harley Davidson or Moto Guzzi of Italy: these producers sell to much more closely defined market niches, particularly at the top end of the market.

But even in the big bike category, for motorcycles of 700 cc and over, the Japanese have captured the biggest sales, with Honda, Yamaha and Kawasaki all ahead of BMW.

Although 1979 has not *brought much relief to the* moped producers—forecasts are for similar sales to last year—the trend for motorcycles proper appears to be favourable at present.

Sales overall were about 12 per cent up in the first five months of the year, partly due to the attraction of a number of new models which have come on the market. The trend appears to be towards smaller motorcycles, reflecting some of the current anxiety about fuel prices. But this has not so far spilled over into an upsurge of demand for mopeds, where the French manufacturers urgently *need some encouragement.*

Terry Dodsworth

India: long waiting lists

THIRTY YEARS ago the late Jawaharlal Nehru said India was in the "bicycle age." Since then the country has made some progress and if Mr. Nehru were still alive he might agree that India has entered the motorcycle age.

Few people in India can afford cars — of which just two obsolete models are available at the ridiculously high price of £2,500—so the less affluent have settled for motorcycles and scooters.

A common sight in New Delhi is a helmeted man astride a scooter, with his wife on the pillion clutching one child in her arms and keeping a wary eye on another perched precariously on the rear luggage carrier. A third child stands between the father's knees. Sometimes there are two children on the luggage carrier. In this way a vehicle meant to transport two people has been converted into a popular "family car" carrying up to five.

Unlike the West, motorcycles and scooters are not used as sporty vehicles. Cheap to run and improvised as "family cars," the demand for them is so heavy that some popular models have a waiting list of up to five or six years and fetch a substantial premium. Indeed, there is such heavy racketeering in popular scooters that the government has been forced to impose controls on sales to prevent abuse. Needless to say, the controls have not been effective.

It is hardly surprising that India has a flourishing industry in mechanised two-wheelers. As many as 12 companies made 168,034 scooters in 1978. Four companies made 28,820 motorcycles while 11 made 44,887 mopeds. India has made an innovation in the form of "three wheelers," used mainly as small and cheap taxis. In 1978, three companies made 19,151 of them. These compare with a total passenger car production of just 34,366 in 1978.

The Planning Commission's projections indicate the highest rise for two-wheelers. Its working group on the automobile industry has set a target of 400,000 scooters, 125,000 motorcycles and 81,500 scooters by 1982-83. This will require fresh additional investment to create additional capacity but such is the demand that no problem is anticipated. Indeed, production of two-wheelers in the past two years has exceeded targets—unlike other sectors of the automobile industry where targets have not been reached.

The principal two-wheel vehicle remains the scooter even though in 1978 production of scooters recorded the lowest rate of growth because of a 45-day strike in the largest plant. Difficulties were experienced also in the shape of erratic supply of raw materials and components, with a result that scooter production increased by *a relatively small 4.8 per cent.*

Production of motorcycles, which went down in 1977 because of labour disputes, responded to the spurt in demand and rose by an impressive 29.4 per cent. The moped is making a bid for a share in the growing market for two-wheelers. After a comparatively steady production for a period of three years, when the growth rate was below 5 per cent a year, 1978 recorded an increase of 14.8 per cent over the previous year.

Statistics compiled by the Association of Indian Automobile Manufacturers show a remarkable expansion of exports of all vehicles. These are led by scooters, exports of which at 29,625 units in 1978 showed a rise of 15 per cent (compared to 5 per cent in jeeps and about 10 per cent in commercial vehicles). Exports of scooters fetched Rs 87m (about $11m), and those of motorcycles Rs 4.1m.

The largest manufacturer of scooters is Bajaj, whose model is based on the Italian Vespa and is now a major export earner. Bajaj made as many as 77,604 scooters in 1978, well above the 28,193 made by Maharashtra Scooters, the 26,722 Lambrettas made by Automobile Products of India and 18,985 machines by the public sector Scooters India which bought the entire Lambretta plant from Italy some years ago and re-established it at Lucknow, capital of Uttar Pradesh.

Escorts are the largest manufacturers of motorcycles, having produced 37,991 Rajdoot models in 1978. *Ideal Jawa of Mysore* made 28,820 Jawa/Yezdi models followed by 19,855 Enfields by Enfield India of Madras. All have plans for expansion which are being encouraged by the government which has failed to make a cheap "people's car" and so wants to have production of two-wheelers increased.

K. K. Sharma

Big demand for accessories

THE NEW breed of motorcycles, especially those coming out of Japan, are decidedly more sophisticated and they have brought in their wake a demand for after-market products that keep pace with new technology. Since 1972 this retail market has been enjoying a boom which shows no signs of slackening.

Gross estimates produced by the Motor Agents Association disclose that in 1978 sales of spares and accessories totalled £28m; replacement tyres added a further £10m, clothing £20m and helmets £12m. Due to price rises, the recent increase in VAT and the healthy state of the market in general, current year values are running 30 to 40 per cent above these figures.

Apart from rising motorcycle sales there are also external forces contributing to the market upsurge. Higher fuel costs are encouraging car drivers to switch from four wheels to two, and the Government's safety campaign and compulsory legislation continues to have an effect on the clothing sector.

Some indication of the interest being shown in making *motorcycles safer* can be drawn frmo Dunlop's recent entry into the replacement brake pad market. When it is considered that bikes such as Honda's 1,000 cc six-cylinder CBX, develop 105 bhp, have a top speed of 140 mph and, two-up, weigh close to half a ton—and in the wet it can take five times *the distance to stop as it does* in the dry—it becomes clear why the Transport and Road Research Laboratory went to great lengths to encourage Dunlop to redress the situation.

The problem with existing disc brakes in the wet is that a film of water forms over the disc and, acting as a lubricant, prevents the normal kind of organic pad from fulfilling its function. Expertise gained in jet aircraft braking systems meant that, for a mere £40,000 of development expenditure, Dunlop has been able to produce a pad of sintered materials that cuts through the water and provides *the same characteristics in* the wet as it does in the dry.

It is not just the commercial giants, such as Dunlop and Lucas, who have been reaping the benefits of flourishing motorcycle spares and accessory sales. Further down the scale there are a number of success stories. Those of Paul Dunstall and John Brown are prime examples.

Dunstall started selling a few spare exhaust systems, of his own design, from his father's scooter shop in the early 1960s. Now the business has expanded to take in a 40,000 sq ft factory in Belvedere, Kent and agreement has recently been reached with Suzuki GB for the supply of tuning and performance products.

Impressive

The growth of Brown's company John Brown Wheels is, if anything, more impressive. He started with a shop in Kilburn selling car accessories and in the early 1970s, due to a change in regulations, found himself with a number of unwanted full-face car-racing helmets. On the advice of a friend he placed a small-ad in the motorcycle press and discovered a healthy and at that time untapped market. The JBW setup now runs the largest mail order business of its kind in the UK, selling a complete range of clothing for all riders, and has ten large retail stores throughout the country.

Within the clothing sector the full-face helmet has been the fastest growing product in recent years. Originally conceived by the American concern Bell, it has not taken long for companies, like Italy's AGV and Phil Read International of the UK, to close the gap and produce a range of helmets of increasingly colourful design.

Owing to regulations, such as the Snell and K-90 in the U.S. and those of the British Standards Institute, quality has improved. Helmets have shells made of either polycarbonate or glassfibre, and can be open or full-faced. Prices vary greatly, but at the top of the range a glassfibre full-face helmet can cost upwards of £50.

About 70 per cent of all motorcycle accidents are not *the fault of the rider. The Gov*ernment has recently spent large sums in an effort to educate car drivers to be more aware of motorcyclists, and for the riders to switch from their traditional dowdy clothing to brighter apparel. The retailers' range of colour choice, particularly with leather suits and jackets, is becoming increasingly extensive. Gone are the days when one was forced to follow Henry Ford's old epigram that you can have any colour as long as its black.

Four basic materials, nylon, PVC, leather and waxed cotton, account for 90 per cent of all motorcycle suits. Leather is the *most traditional,* but at about £70 to £80 for a jacket or £90 to £150 for a complete suit it is also the most expensive. One popular alternative is the waxed-cotton two-piece manufactured by companies such as Belstaff. These are priced at about the £50 mark.

One point not realised by many outside motorcycling is that a motorcycle has a surprisingly high drag co-efficient —about twice that of a bus or lorry. Therefore the fitting of a fairing has more than just the benefit of keeping a rider warm and dry. It also improves top speed and reduces fatigue. Two bike manufacturers — BMW and Moto Guzzi—have taken to fitting streamlining as standard on some models, but the market for the many glassfibre creations of the accessory makers is growing rapidly with prices in some cases touching £300.

All in all *the* motorcycle accessories market *is* flourishing. A fact that Honda, never slow to recognise an opportunity, has demonstrated with the introduction of Hondastyle, a range covering the whole spectrum through clothing and helmets to fairings and backracks. BMW too has just launched a range of clothing and touring luggage.

Indeed the large motorcycle manufacturers are becoming increasingly interested in this market which, in 1978 with a turnover of £70m, accounted for about 33 per cent of all motorcycle industry sales in the UK and which still shows great potential for expansion.

Alan Wraight

Keen competition among dealers

WITH MODERN machines often more sophisticated than cars, and sometimes more expensive, today's riders — who may have £3,000 and more to spend—can be choosy about where they buy. Many of the dealers up and down the country are in direct and fierce competition for their trade.

It can cost £20,000 and more to take on a franchise, to provide new machines, a spare parts stock as well as workshop facilities—and the enormous range of costly accessories and replacement parts for the stream of new models demands an increasingly shrewd approach.

In Britain there are about *2,400 dealers holding franchises* for new machines — many of whose fortunes are tied to at least one of the big four Japanese makes: Honda, Suzuki, Yamaha and Kawasaki. And with the increasing emphasis on higher investment and standards of service, the trend is for dealers to concentrate on fewer makes than in the past, according to Michael Evans of the Institute of Motor-cycling, which represents manufacturers.

Of the total, 1,100 dealers handle only one make of new machine and another 500 have only two; 330 have three makes, while the remainder have from four to ten, or even more.

Discount pricing, as in the hi-fi and camera trade, is the name of the game and the big discounts offered by the more aggressive concerns rattle some smaller dealers who cannot match them.

The National Association of Cycle and Motorcycle Traders argues that most dealers are relatively small; they take a personal interest in their customers, and it is unfair to expect them to service machines bought elsewhere at big savings —often in London.

However, not every dealer agrees with this. One I spoke to in Essex said his small business made a profit from parts, accessories and clothing, plus servicing work, without having to rely on the sale of a single new bike. In general, he had no objection to servicing bikes bought at other dealers because part of his reputation was built on an ability to service well.

This year's fuel crisis, and fare rises on public transport, have pushed up sales in July of new motorcycles by a remarkable 44 per cent, and mopeds by more than 60 per cent compared to July last year, with many first-time buyers creating an expanding market for dealers to share in.

But some will freely admit that the competition is "cut-throat," and the security of the traditional smallish business has been given a sharp jolt by the big and breezy discount leaders such as Coburn and Hughes and Motorcycle City.

Coburn and Hughes, which had a £7m turnover in the last financial year, started as a corner shop in London about 15 years ago. These days its Luton warehouse carries a stock of £¾m in motorcycles and £80,000 in spare parts for its two retail branches in London and Luton.

Mr. Ron Poulton, general manager at Luton, says: "People come to us from all over the country, often on a *recommendation. What we are* offering is both good discounts and after-sales service. If a customer, who may live 150 miles away, makes an appointment, we will service his machine while he waits."

Displays

Motorcycle City, with its branches in West London, Reading and Farnborough, Hants, also expanded to its present size as a result of taking advantage of the huge 1970s upsurge in motor-cycling. It offers to deliver bikes anywhere in the UK and *boasts one of the big*gest displays of machines in the country at the lowest prices.

Mr. John Martin, London branch sales manager, says: "In the last three years customers have come to change their bikes every year or so, like cars, and 1979 has definitely been the year of the superbike: Laverda, Moto Guzzi, and so on. Where we were selling one or two a month we are now selling one or two a week."

The problem for smaller dealers is that sales of new machines are seasonal and highly dependent on the weather. During snowbound January and February this year sales generally were alarmingly low and some were hard-pressed to stay in business.

Most machines are sold during the spring and summer, with sales tailing off through the autumn—but other factors such as a wet spell and a rush before the recent VAT rise makes the curve erratic. For some small dealers the investment and risk involved would be too much, so they deal in secondhand bikes only.

Distribution of imported machines in Britain is organised in a variety of ways, depending on the make. For instance, Honda, a yardstick for efficiency in its spares and back-up arrangements, has a wholly-owned subsidiary, Honda (UK), and Kawasaki the same. Suzuki (GB) is part of the Heron group.

The BMW imports and network are handled by a separate company, as are other makes, and there are large retail dealers which import and distribute motorcycles and mopeds on varying scales.

The big importers set rigorous *conditions for the granting of* a franchise, to make sure a dealer can afford the financial commitment and will sell and service machines in accordance with expected standards.

Kawasaki Motors (UK) insists, *unusually,* that its 130 main dealers sell no other Japanese machines, and its smaller dealers are not allowed to sell Kawasakis of larger than 250cc capacity.

Honda (UK), taking note of the scruffy premises which still remain from the 1950s, recently introduced its new Euroservice scheme under which it will stipulate that all outlets must bring their workshops up to 1980s standards by the end of next year to keep the franchise. The average amount they will have to spend in special tools "and a coat of paint," is reckoned by Mr. Tony Goodwick, the company's service manager, at about £1,500.

However, Honda agents in the *north-west* are upset that while these conditions are being made, ill-equipped non-franchise dealers are able to obtain and sell Hondas—machines which are assembled at the shop from the packing crates by untrained staff and could be unsafe.

Suzuki and Yamaha have had the same problem and the national association and the Motor Agents' Association have both had talks about it with the importers. Mitsui Machinery Sales (UK)—the Yamaha importers—and Honda (UK), who, like Suzuki, are strongly opposed to the practice, say it is difficult to stop it because of EEC rules on free trading. More meetings are planned to try to make progress. Suzuki (GB) says it has met local dealers and "we seem to have cracked the problem."

The MAA's recent active interest in issues affecting motorcycle dealers is a move designed to help them cope with today's pressures in the business.

The trade is buoyant but the amounts of money at stake, the lack of agreed sales territories (the rule in the motor trade), and the potential legal pitfalls are among some of the hazards which the organisation believes, make it essential that dealers unite.

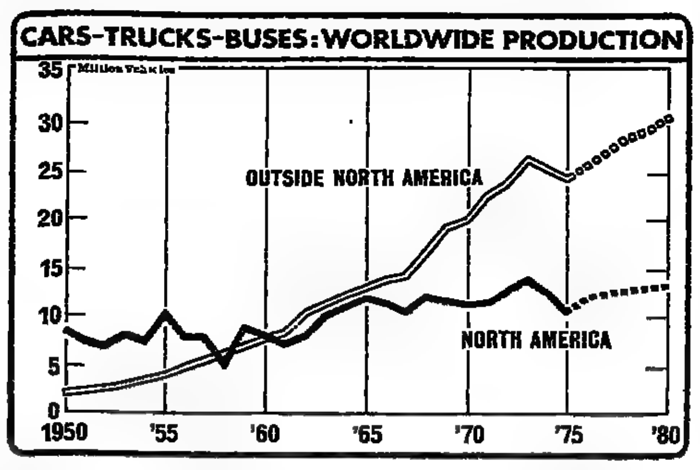
Michael Strutt

A big spending spree speeds Dana's growth outside U.S.

BY KENNETH GOODING

Art Martin, president of Dana International Europe/Middle East.

The fifth and final article in a series on the concept of a world car looks at how a major American component supplier is adjusting to changes in world markets.



For its drive into Europe Dana bought control of Turner Manufacturing in the UK. Turner's factory (above) is the manufacturing base for drivetrain components in Europe.

THERE are certain similarities between General Motors' push to build up its operations outside the U.S. and the changes taking place in the international business of Dana, perhaps the broadest-based automotive components group in the U.S. and, it would claim, financially the most-successful.

Dana distinguished itself by making three major international acquisitions last year, an indication of the speed with which it is reacting to changing circumstances.

Like GM, Dana has a dominant position in its home market, particularly with components for trucks. The company reckons there is more added value from Dana in a Ford light truck than Ford contributes itself.

Dana's U.S. business is highly-profitable; it was in the top 8 per cent of the Fortune 500 last year as far as returns to shareholders were concerned, and has averaged a return of 12.6 per cent on equity over a ten-year period.

Also like GM it saw some time ago that automotive markets were growing faster outside North America and would go on doing so. The graph Dana executives often refer to is illustrated here. They point to the lines crossing in 1954, when demand in the rest of the world outstripped that in North America for the first time.

In the U.S. Dana deliberately steered clear of car component manufacturing because of the cyclical nature of the business. Dana insists that if you invest in manufacturing assets you need to be able to use them continuously at high capacity. So passenger car components account for only 8 per cent of the vehicular division's North American sales.

Dana built up a big share of the truck component market and now has to accept that anything but organic growth is out of the question. Any take-over in this field would probably run into problems with U.S. tough anti-trust legislation.

So Dana has been building a "tripod," a trio of related divisions, adding service (or distribution) and industrial businesses to automotive components. Both these new operations offered opportunities for growth by acquisition.

Early forays outside the U.S. and Canada were mainly at the request of major customers. This was the case when Dana followed GM and Ford into Latin American markets although local content laws restricted imports of components.

The big push overseas came with the acquisition of two American businesses in the mid-1960s, Perfect Circle and Victor. Both concerns had a double attraction. They offered distribution businesses in the States as well as overseas manufacturing operations. As well as the Latin American interests, Perfect Circle and Victor added companies in England, Denmark and India.

Even so, 10 years ago Dana's investment outside North America was only $18m while today it is $130m. Sales from overseas operations in 1969 were $110m a year and they are now running at an annual $1bn (a fact which does not show up in the non-consolidated accounts).

However, Dana is still "in a formative stage" in Europe, according to Mr. Art Martin, president of Dana International Europe/Middle East.

The group delayed its major push deliberately because it knew it would require a manufacturing base in Europe and yet Europe was not ready for the product Dana had in mind — an unsynchronised heavy truck transmission.

Fortunately for Dana, one of its major North American rivals, Eaton, gradually changed Europe's views with its Fuller unsynchronised transmission. Seven years ago Dana started its build-up with the acquisition of one-third of the equity of Turner Manufacturing in the UK and of the Europe Transmissions division of the SOMA group of France.

Later, in 1976, in the UK it bought Brown Bros., thus adding to its service-distribution operations.

Last year's three acquisitions provided the basis of an organisation which will ultimately provide Dana Europe with a discernible structure and separate identity.

Dana mopped up the rest of Turner Manufacturing; bought the French and Swiss operations of Genuine Parts, one of the top three U.S. automotive components distribution groups; and the remaining half of Floquet Monopole, a French company which makes piston rings and valve seals.

Full control of Turner was necessary because Dana will turn it into its manufacturing base for drivetrain components in Europe. Turner will make a range of gearboxes in the small and medium-sized range, complementary to the big ones made by Dana elsewhere. Tooling-up for production of a new axle has also begun and another new product for Turner, a drive-shaft, will be introduced.

Some of the gearboxes will go to Latin America and Dana estimates that 5,000 a month of the Turner-built driveshafts will also be exported. "By 1985 the two new products being introduced to Turner will be contributing turnover twice the level of the company's current sales," Mr. Martin maintains.

The group attempts to balance cyclical demand for its products around the world by placing its manufacturing capacity strategically. The idea is to have, say, a European plant supplying products to the U.S. at a time when demand in Europe is low but Dana is short of capacity in the States, and *vice versa*.

In France Dana is thinking of using Floquet Monopole for the European manufacturing centre of some components: gasket production might be introduced, for example.

Dana obviously does not want to be seen as the ugly American multinational. In the States it presents a friendly, Mid-Western, country-style image to the world at large while only quietly emphasising financial successes.

Mr. Martin maintains his task is "to work myself out of a job so a European can take over." Although overseas sales are running at $1bn, Dana reckons it has only 30 Americans working in its operations outside North America, and the majority of them are technicians.

Local participation extends to having local shareholders in overseas businesses as far as Dana is concerned. The group until fairly recently was content with a minority stake in affiliates even when this was not required by law. Today, however, Dana prefers to have control whenever possible.

One day, shares in Dana Europe will be sold to European investors. This is a long-term objective.

There are still technical problems to be sorted out. The Genuine Parts distribution operations in France and Switzerland were bought by Dana in North America and at the moment formal control remains in the States, not in Europe.

In this partnership with its overseas businesses, Dana maintains it can offer technology and financial support from the U.S. Local people provide management, and deal with the relationships with local governments and customers.

Most of the overseas companies are generating all the funds they require for organic growth. But Dana is still very much on the takeover trail, a somewhat smiling, friendly predator, stalking European businesses.

There is no shortage of potential targets, both in the U.S. and overseas, and Dana certainly does not have enough cash or borrowing potential to buy all the companies that the divisions would like to purchase—not if the group is to maintain a reasonable debt-to-equity ratio. "This forces us to make carefully considered investment decisions," points out Dave Stevens, vice president bank holdings.

Dana's declared aim is to build sales from the current $2.3bn to around $6bn by 1985 and this simply could not be done in the time by internal growth. The list of acquisitions will continue to get longer. And ultimately, the group wants to split sales so that 40 per cent is automotive component manufacture—what it calls its vehicular business—30 per cent is distribution ("service" in Dana's terminology) and 30 per cent industrial.

The relationship between the dollar and the pound could cause problems for Dana's British operations. But the group sees the recent extreme strength of the pound as a temporary phenomenon. "We can live with it," says Mr. Martin. "And at $2.20 to the pound we are comfortable."

In Dana's view the advent of the "world car" will not have any impact on overall demand; the market's growth will remain at predicted levels. "But the suppliers will change. The demand for new technology will force out many small suppliers," believes Carl Hirsch, executive vice president of the vehicular group.

And the pace of change has made Dana think again about its informal international information-gathering processes: they have been formalised and a director of international marketing appointed in the person of Dan Hendrix. He insists: "This new approach gives us a chance to spot the opportunities earlier than before. That certainly helps when times are changing so fast."

Previous articles in this series appeared on August 14 (centre page) and on August 17, 20 and 21 (this page).

BUSINESS PROBLEMS

BY OUR LEGAL STAFF

Enforceability of a covenant

On leaving my employment as Sales Director, I was offered a partnership with a small company in the same line of business and some overseas manufacturers have also made me an attractive offer. However, a clause of my previous contract reads as follows:— "Subject to the following restrictions not unreasonably preventing a Director earning a living in other employment upon leaving the Company, a Director is not permitted for one year after termination of his employment—either solely in partnership with or as an agent for another person, firm or company—to carry on trade or business competitive with trade or business carried on by the Company or its subsidiary or associated companies, with which he was concerned while in the service of the Company." Do you consider this enforceable?

We think that there would be a reasonably strong chance of your ex-employers being able to enforce the covenant unless you can demonstrate that you cannot earn a living without what would otherwise be a breach. The weakness of the covenant is the failure to impose a limit as to the locality in which the restriction is to run. If it is to be world-wide then the courts might hold it to be unenforceable. If you decide to risk being in breach, you should operate as far as possible away from your previous employer's stores or other premises.

Liquidation and ownership

At a recent liquidator's meeting one creditor stated that his company had a clause on their invoices stating that "ownership in the goods shall remain with the seller until such time as the purchaser has paid in full all that it owes to the seller." The liquidator on hearing that the clause was on the invoice which was posted at the same time as the goods indicated that he did not feel obliged to return the goods.

Was this just a convenient standpoint for the liquidator to take or would he have good arguments in law? If the buyer had already used the goods, thus being unable to return them in original condition, would the seller be regarded as a preferential rather than unsecured creditor?

The liquidator's argument appears to rest on there having been no notification of the term as to ownership of the goods until after the contract had come into being. If so the point is probably a good one. The terms as to property must have been "intended" by both parties to the contract: Section 17 of the Sale of Goods Act 1893. The buyer's using the goods would not in any way affect the seller's position as an ordinary unsecured creditor.

Commodity futures

In 1976 I closed a "managed" account I had in a commodity syndicate operated by a London firm of commodity brokers. I made a profit in the course of the various transactions which I regarded as a capital gain and returned as such in my tax form. I have now been informed by the local inspector of taxes that "profits arising from these dealings are assessable under schedule D as a member of a syndicate is not investing in the true sense of the word, he is merely entrusting a sum of money to an expert for use in buying and selling commodity futures." Have you any comments, please?

Speculation in commodity futures was held to be capable of forming the basis of an income tax assessment under case VI of schedule D by the English Court of Appeal in 1925, in Cooper v Stubbs (reported in volume 10 of Tax Cases).

Your chances of succeeding on appeal are doubtful if you do not wish to incur the expense of professional assistance, but you may like to browse through, say, part C3 of volume C of Simon's Taxes in a local reference library, to assess the odds.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

LOMBARD

How the U.S. sees Mrs. Thatcher

BY JOHN WYLES IN NEW YORK

IT WAS by any standards an unusual scene. Some 600 American businessmen on their feet enthusiastically applauding a British politician even before they had heard her speak. But the sense of Margaret Thatcher's ideas had reached New York long before she had, and her audience at that British-American Chamber of Commerce lunch in September, 1977, were anticipating her speech with all the relish with which maiden aunts used to sit down to read the latest Agatha Christie.

Her message that Britain was about to embark on a "post-socialist" period did not disappoint them then and after her first 100 days in office she is not disappointing them now. Measured by the winning of friends, Mrs. Thatcher was much more successful in New York during that week-long visit to the U.S. in 1977 than she was in Washington. The reason quite simply was that the community of bankers, economists and corporate executives collectively known as Wall Street heard from a British leader language which they not only could understand but which was drawn from a set of convictions which most of them carry to work each day.

Admiration

In other words, Mrs. Thatcher's devotion to personal incentives, low taxes, the smallest possible role for the public sector, was the nearest thing to genuine Taft Republicanism anybody had ever heard from a British politician.

After a little more than three months of watching the word being made deed, Wall Street's admiration for Britain's Prime Minister remains intact. It is impossible to break bread with a banker without being asked "do you think she is going to succeed" in such a tone of voice as to indicate concern and goodwill. From New York it has always seemed that Mrs. Thatcher wanted to make the British economy look more like the American.

But, of course, what Americans think of Mrs. Thatcher depends on the ideological telescope through which they are watching her. There is, for example, a difference of view between the Wall Street Journal and the New York Times. The former celebrates every new nail being driven into the coffin of thought represented by John Maynard Keynes and so was very impressed by the Conservative Government's first Budget in June.

Much hung on Mrs. Thatcher's efforts to "roll back British socialism" opined the Journal. More specifically "the longevity of Europe's renewed interest in Adam Smith-style economics will depend heavily on how well Mrs. Thatcher's policies succeed."

Cautious

The New York Times, by contrast, is finding it difficult to take Mrs. Thatcher into a warm embrace. It is not that the Times does not believe Britain needs change — it recently carried a sharp leader pointing to the British experience as an object lesson in why the Federal Government should not bail out Chrysler Corporation. But the Times seems a little dubious about whether Mrs. Thatcher's "shock therapy" is the right prescription. Its leader marking her first 100 days was largely a catalogue of the troubles she now faces from a soaring pound to rising inflation which her Government has boosted through its VAT increases. The Times notes that while the Conservatives may have a secure mandate with their 43 seat majority, Mrs. Thatcher may be less safely ensconced, and drew attention to Denis Healey's prediction that "Mrs. Thatcher will be replaced by her colleagues before that term is over." The leader noted that the Conservatives were basing their approach on the need for a long haul and "that results were never expected in less than three or four years."

More generally, it is virtually impossible to cross the street on the eastern seaboard without stumbling across an American who wishes Britain well and laments her post-war decline. That a woman Prime Minister is now bent on arresting that decline obviously lends greater interest to what is happening. But newspaper coverage of the Middle East is far more extensive and in terms of column inches Cambodia and Vietnam have done a great deal better during Mrs. Thatcher's first 100 days than the actions of the British Prime Minister. It is too soon to predict whether a Thatcher-led resurgence of British capitalism will make Britain a more compelling news story here.

Climbing up a sunny Riviera trellis

GARDENS TODAY

BY ROBIN LANE FOX

THIS WEEK, I indulge in some wishful thinking. Any gardener finds that easy enough, and those who believe that this column thinks wishfully more often than not will not be surprised to catch me at it again.

In fact, most wishful thoughts are tempered here by my own bindweed and an endlessly changing garden. But when I entertain the idea of a Mediterranean garden, I have to be *honest. Apart from casual* advice on climbers for large terra-cotta pots or suggestions after lunch on holiday, I have never gardened abroad off a mountain-top.

The weather and season turn my thoughts to the Mediterranean where so many good gardens are kept up against the weather. The Government now lets you invest your money in a foreign house: what, then, would you want to plant round it.

To keep my wishes within bounds, I will begin from notes and memories of a past visit to the Jardin Botanique Exotique outside Menton - Garavan, in the South of France. Formerly the Villa Val Rahmeh, it stands in the Avenue St. Jacques and is usually open to the public. It is the sort of Mediterranean garden which most sane people would want, well established now since its early days in a Miss Campbell's care.

There are orange trees and grapefruits, cape gooseberries which crop and a range of bamboos which make any week-end gardener feel very small. The steep terraces look down into pools of lotus and waterlilies. They are curtained with rich green climbers, like a stage-set. Of course you would not need the same grand walls. You could pick the best climbers and grow them on your own trellis, beneath which you could lunch and wonder why you ever bothered to work.

One of the temptations in such a place is the scope for new and finer varieties of old friends. You probably know the climbing potato-flower, *Solanum Jasminoides*. If only it was scented, it would be as fine as anything for a south or west wall.

Even without the scent, it is good enough with those small open flowers of mauve lavender and their golden centres. The white form is less hardy. But on the French Riviera, you could move into quite another class. There is a magnificent form from South America called Wendlandii which has prickly stems and can climb with their help on to shrubs.

Its flowers hang in clusters at this time of year. They are lavender blue, but their size trumps any of our hardier sorts. I would try this in any sheltered Mediterranean retreat along with a memorable Paraguayan cousin which is quite superb in the Jardin Botanique Exotique. Called Rantonettii, it is not a climber but a loosely-spreading shrub about six feet high.

It has the typical potato-flowers of lilac-blue, but again they are of such a size that you would hardly guess their family. They last well in the months when you can leave the world's exchanges to rise and fall without you.

On the terrace, it would have to be Daturas. Miss Campbell of Menton must have loved them, for I still remember her superb range of colours. The flowers almost defy belief; those long dangling trumpets of some nine inches or so which are closed by a cross of petals. The scent is heavenly, though the leaves are rather coarse. Like the *Solanum*, it is a plant with some very common relations.

It grows instantly from cuttings at this time of year, so have your handbag at the ready if you see one. They are all good value in large tubs or pots in England, though they must be brought into a frost-proof shelter as soon as October turns. They do not need much earth, but revel in sun.

I often think how fine they would be on a large London roof-terrace but never see them there. Up to five feet tall, they take some housing in the winter. But you can prune them back to half their height in the close season. Out in the sun, they pose no problems. You can use them as a tall feature, repeated in beds on a Mediterranean terrace. They will flower with astonishing freedom.

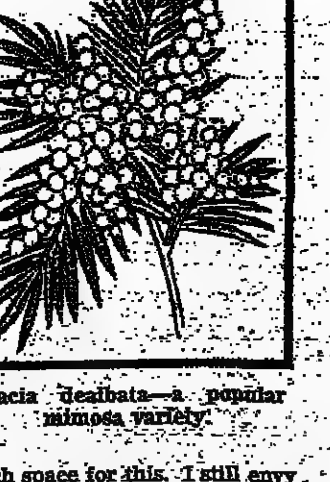
At Menton, you can see all the colours, the double white called Knightii which is the most opulent of all, the spectacular Versicolor which shades through cream, greenish yellow and apricot, and the small-flowered Sanguinea whose trumpets turn from yellow to a bright orange red at their mouths. They are hardly credible when you see them for the first time in full flower. Do not emigrate without plans for a Datura bed. They are known as Angel's Trumpets — wish such instruments were really waiting for us all.

What about mimosa? It conjures up those days in the early '20s before anyone went south to go brown in the sun, when plus-fours were worn on the Riviera, nobody moved in February without their protective lotions and mimosa was all round the bath chairs. You can have it now as *Acacia Decurrens*, but do remember that this early flowering one does not like lime in the soil. Otherwise, the later *Rhetinoides* is the safest bet. Personally, I can have too much of all of them.

I listened recently to the long and boring stories of a banker who had a special villa with a special pool and simply could not wait to get out there for an August breather from his corner of the "heap" and see how well the mimosa was flowering. He had not realised that its season was over, coinciding with his second skiing holiday. So if you are a summer migrant, be warned.

Never miss the exquisite Thunberbias, another tour de force from Miss Campbell. I wrote recently of the wonderful sky-blue Grandiflora from India whose yellow-throated flowers appear throughout the children's summer holidays. It romps away, as fine as any Bougainvillia but far less often grown. It will fall in a great curtain from a tree or tall wall.

The sweet-scented white Jasmine Polyanthum is a superb match for it, the glory of good Aegean gardens and quite the best choice of all other summer climbers. You do not need much space for this. I still envy a small south Italian courtyard planted with white jasmine, thunbergia and trim bushes of that silver-edged evergreen, Pittosporum Silver Queen. Other flowers beneath them came and went, especially a fine mass of the daisy Gazanias.



Acacia dealbata—a popular mimosa variety.

The whole scheme came together at just the moment when anyone would wish to be away from our summer. Looking over the last of the phlox and Day-lilies, I wonder, just for a moment, how we have all put up with our English August for so long.

Westminster Abbey a sound bet

RACING

BY DOMINIC WIGAN

WESTMINSTER ABBEY, the subject of considerable stable confidence and Ebor ante-post support from several backers noted for giving little away, looks weighted to run a tremendous race on the Knavesmire this afternoon.

Bill Holden's three-year-old who is partnered by my idea of the best lightweight now riding, Taffy Thomas, seems to be improving all the time. Unplaced on his race course debut, this Royalty colt, not seen out as a juvenile, sprang a surprise in a valuable ten-furlong event at Doncaster in May. A 25-1 chance there, Westminster Abbey found no difficulty in accounting for Le Champ Talot.

Runner-up to Stetchworth over today's course and distance in May, this lightly raced first foal of the David Jack mare Fulfilment, appeared to be feeling the ground when failing to cope with Funny Sunday and Francesco in the Harrison Drape Stayers Handicap, on firm ground at Newmarket last time out.

Now 4 lbs better off with the runner-up in that event, and the going in his favour, Westminster Abbey looks a sound bet to reverse placings with Francesco.

Of the remainder in the 17-runner line up, which could see the late defection of Totowah, I have most regard for Fool's Prayer and Lorelene.

The first named did well to run St. Briavels to a length in Haydock's Old Newton Cup at level weights last month; while Lorelene has come on a great deal as a result of a much-needed run in the New Zealand Great Britain Handicap on August 11.

That outing on her home course was Lorelene's first racecourse appearance since the spring.

It was in today's Tote Ebor a year ago that Lorelene came so close to beating Totowah after a far from trouble-free run.

In the Lowther Stakes I shall be taking a chance with Soccia who has a great deal more ability than he showed at Redcar recently—while Milford should take the Great Voltigeur Stakes if he is to have any chance in the St. Leger for which he is on offer at the far from tempting odds of 3-1.

YORK
2.00—Ocean Maid**
2.30—Soccia
3.05—Westminster Abbey***
3.35—Milford
4.10—Smokey Bear
4.40—Poles Apart
5.10—Prince Of Sheba

BRIGHTON
1.45—Made My Day
2.15—Downtown Agent
2.45—Blessed So And So
3.15—Base Camp*
3.45—Rukmanee
4.15—*Abbotsbury*

TV/Radio

BBC 1

† Indicates programme in black and white

6.40-7.55 am Open University (Ultra high frequency only). 9.15 Magic Roundabout. 9.20 Jackanory. 9.35 Don and Pete. 9.40 Desert Adventure. 10.05 Take Hart. 10.25 Cricket: The Gillette Cup semi-finals. 1.15 pm News. 1.30 Barnaby. 1.45 Cricket. 4.18 Regional News for England (except London). 4.20 Play School. 4.45 King Cinder. 5.10 Wildtrack. 5.35 The Wombles.
5.40 Nationwide (London and South East only).
6.20 The Wonderful World of Disney.
7.05 Where Are They Now?
7.35 Sykes.
8.05 The Superteams.
9.00 News.
9.25 Lena's Music.
10.00 Come Dancing.
10.40 Medical Express.
11.10 The Music Makers.
12.10 am Weather / Regional News.

All Regions as BBC-1 except at the following times:—

Scotland—5.55-6.20 pm Reporting Scotland. 12.10 am News and Weather for Scotland.

Wales—5.10 pm Slandifang. 5.30-5.40 Dan a'r Deinosor. 5.55 Wales Today. 6.15 Newyddion. 6.20 The Wonderful World of Disney. 7.05-7.35 Pawb yn ei fro. 10.30-11.10 Thoi'r Dail. 12.10 am News and Weather for Wales.

Northern Ireland—4.18-4.20 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 12.10 am News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norfolk); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

6.40 am Open University.
10.20 Gharbar.
11.00 Play School.
1.20 pm Cricket: The Gillette Cup semi-finals.
4.50 Open University.
6.55 Cricket: Gillette Cup.
7.30 Mid-Evening News.
7.40 Adventure.
8.30 Seven Artists.
9.00 My Music.
9.25 "Un Homme Qui Me Plait," starring Jean-Paul Belmondo.
11.15 News.
11.25 Cricket: Gillette Cup semi-final highlights.

LONDON

9.30 am The Living Body. 9.45 It's More Life. 10.05 Talking Bikes II. 10.30 Dick Tracy Cartoons. 10.45 Family. 11.35 The White Stone. 12.00 Cloppa Castle. 12.10 pm Rainbow. 12.30 Emmerdale Farm. 1.00 News plus FT Index. 1.20 Thames News. 1.30 Crown Court. 2.00 After noon Plus at Home. 2.25 Racing from York. 3.50 pm Definition. 4.20 Michael Bentine's Potty Time. 4.45 Enid Blyton's Famous Five. 5.15 Batman.
5.45 News.
6.00 Thames News.
6.05 Father Dear Father.
6.35 Crossroads.
7.00 Don't Just Sit There.
7.30 Coronation Stret.
8.00 The Big Top Variety Show.
9.00 No Lullaby for Broadland.
10.00 News.
10.30 Border Country.
11.30 Crits.
11.45 Barney Miller.
12.15 am Close: Gai Eaton with readings from the Islamic tradition.

All IBA Regions as London except at the following times:—

IBA programmes are included for all regions in the advent of a settlement of the industrial dispute

ANGLIA

10.35 am The Electric Theatre Show. 11.00 Runaround. 11.25 The Southerners. 11.50 Cartoon Time. 1.25 pm Anglia News. 2.00 Houseparty. 5.15 Mr. and Mrs. 6.00 About Anglia. 11.30 Power Without Glory. 12.30 am The Big Question.

ATV

9.15 am Something Different. 10.30 Here Comes Mumfie. 10.40 The Nature of Things. 11.35 The Lone Ranger. 1.20 pm ATV Newsdesk. 5.15 Father, Dear Father. 6.00 ATV Today. 11.30 Have Girls, Will Travel.

BORDER

10.35 am The Electric Theatre Show. 11.00 Runaround. 11.25 The Southerners. 11.50 Cartoon. 1.20 pm Border News. 2.00 Houseparty. 5.15 The Flintstones. 6.00 Lookaround Wednesday. 11.30 The Andy Williams Show. 12.00 Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News and What's On, Where ? 5.15 The Woody Woodpecker Show. 6.00 Channel News. 6.10 Talking Bikes. 10.28 Channel Late News. 11.30 Sidestreet. 12.25 am News and Weather in French.

GRAMPIAN

9.25 am First Thing. 10.35 The Electric Theatre Show. 11.00 Runaround. 11.25 The Southerners. 11.50 Cartoon Time. 1.20 pm Grampian News Headlines. 5.15 Wild, Wild World of Animals. 6.00 Grampian Today, Farming News. 6.10 Laverne and Shirley. 11.30 Reflections. 11.35 Westside Medical. 12.30 am Grampian Late Night Headlines.

GRANADA

10.30 am Tarzan. 11.15 Clapperboard. 11.40 The Beatles. 1.20 pm Dick Tracy. 5.10 Felix The Cat. 5.15 Crossroads. 6.00 Granada News. 6.05 The Rohde Reports. 6.30 The Squirrels.

HTV

10.30 am The Electric Theatre Show. 11.00 Runaround. 11.25 The Southerners. 11.55 Panchito. 1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 What's On Next ? 11.30 Celebrity Concert.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion Y Dydd. 4.20-4.45 'Rydw I Am Fod. 6.00-6.15 Y Dydd.

SCOTTISH

10.35 am The Adventurous World of Sir Edmund Hillary. 11.00 Runaround. 11.25 The Southerners. 11.55 Cartoon. 1.25 pm News. 5.15 Popeye. 5.20 Crossroads. 6.00 Scotland Today—Summer Extra. 6.30 The Practice. 11.30 Late Call. 11.35 The Entertainers.

SOUTHERN

10.30 am The Electric Theatre Show. 11.00 Runaround. 11.25 The Southerners. 11.50 Melotoons. 1.20 pm Southern News. 2.00 Houseparty. 5.15 Dick Tracy Cartoon. 5.20 Crossroads. 6.00 Day By Day. 6.35 Scene Midweek (South East area only). 11.30 Southern News Extra. 11.50 George Hamilton IV.

TYNE TEES

9.25 am The Good Word followed by North East News Headlines. 10.30 The Electric Theatre Show. 11.00 Runaround. 11.25 The Southerners. 11.50 Cartoon Time. 1.20 pm North East News Headlines and Where The Jobs Are. 5.15 The Brady Bunch. 6.00 Northern Life. 11.30 Police Women. 12.30 am Epilogue.

ULSTER

10.35 am The Electric Theatre Show. 11.00 Runaround. 11.25 The Southerners. 11.50 Cartoon. 1.20 pm Lunchtime. 4.18 Ulster News Headlines. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Ulster Television News. 6.15 The Sound of . . . Guys and Dolls. 6.30 The Flintstones. 11.30 Pilgrimage. 11.55 Bedtime.

WESTWARD

10.35 am The Electric Theatre Show. 11.00 Runaround. 11.25 The Southerners. 12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 5.15 The Woody Woodpecker Show. 6.00 Westward Diary. 10.28 Westward Late News. 11.30 Sidestreet. 12.25 am Faith For Life. 12.30 West Country Weather, Shipping Forecast.

YORKSHIRE

10.30 am Moby Dick and the Mighty Mitor. 10.45 Alright Now. 11.10 Young Ramsey. 1.20 pm Calendar News. 5.15 Out of Town. 6.00 Calendar (Emley Moor and Belmont editions). 11.30 The Odd Couple. 12.00 The Entertainers.

Radio Wavelengths

1 1053kHz/285m 1089kHz/275m	3 1215kHz/247m & 90-92.5vhf stereo	BBC Radio London: 1458kHz, 206m & 94.9vhf
2 693kHz/433m 909kHz/330m & 88-91vhf stereo	4 200kHz/1500m & 92-95vhf	Capital Radio: 1548kHz, 194m & 95.8vhf
		London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic broadcast
‡ Medium wave

5.00 am As Radio 2. 6.00 Andy Peebles. 9.00 Simon Bates. 11.00 Radio 1 Roadshow. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.00 Tony Blackburn. 4.31 Kid Jensen. 7.00 Radio 1 Mailbag. 8.00 Mike Read. 9.50 Newsbeat. 10.00 John Peel (S). 12.00-5.00 am As Radio 2.

VHF Radios 1 and 2—5.00 am With Radio 2. 8.03 pm Don Durbridge (S) (continued from Radio 2 5.20 pm). 6.50 Sports Desk. 7.02 The Organist Entertains (S). 7.30 Sports Desk. 7.33 With Radio 2. 10.00 With Radio 1. 12.00-5.00 am With Radio 2.

RADIO 2

5.00 am News Summary. 5.03 Derek Hobson (S). 7.32 Terry Wogan (S). 10.03 Jimmy Young (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (S). 2.15 David Hamilton (S) including Racing from York. 4.15 Much More Music (S). 5.00 News. *5.05 Waggoners' Walk.* *5.20 Don* Durbridge (S) (continued on VHF). 6.03 Gillette Cup Special semi-finals. 7.33 Listen To The Band (S). 3.15 The Magic of the Musicals (S). 9.02 Noel (S). 9.55 Sports Desk. 10.02 The Impressionists. 10.30 Hubert Gregg says Thanks for the Memory. 11.02 Brian Matthew with Round Midnight from Edinburgh, including 12.00 News. 2.02-5.00 am You and the Night and The Music (S).

RADIO 3

‡6.55 am Weather. 7.00 News. 7.05 Your Midweek Choice, part 1 (S). 8.00 News. 8.05 Record requests, part 2. 9.00 News. 9.05 This Week's Composer: Handel (S). 9.55 Music for Organ (S). 10.30 Music for Brass (S). 11.00 Edinburgh International Festival 1979 (S). Chamber music concert, part 1: Tippett. 11.50 Festival Comment. 12.05 pm Concert, part 2: Mozart. 1.00 News. 1.05 A Brahms Concert, part 1 (S). 2.15 Shaw On Music and Music Criticism. 2.30 A Brahms Concert, part 2 (S). 3.15 Gibbons Church Music (S). 3.55 Piano Recital (S). 4.35 Fifty Years of British Music (S). 5.10 Young Music-Makers (S). 5.25 Homeward Bound (S). 5.45 News. 5.50 Homeward Bound (S) (‡mono only from 6.05). ‡6.15 At Home. 7.10 Pied Piper (S). 7.30 Proms 79, part 1: Mozart (S). 8.25 The Arts Worldwide. 8.45 Proms 79, part 2: Schoenberg, Strauss (S). 10.00 Scientifically Speaking. 10.45 The Maid of the Mill (S). *11.55-12.00 News.*

VHF Only—6.00-7.00 am and 6.05-7.10 pm Open University.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today, including 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News headlines. 7.45 Thought for the Day. 8.45 Theatre Street. 9.00 News. 9.05 Pick of the Bunch. 9.35 Nation at Work. 10.00 News. 10.05 The Living World. 10.30 Daily Service. 10.45 Morning Story. 11.00 The Magic of Music (S). 11.45 Listen With Mother . . . goes to the seaside ! 12.00 News. 12.02 pm You and Yours. 12.27 I'm Sorry I Haven't A Clue (S). 12.55 Weather; programme news. 1.00 The World At One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.05 Afternoon Theatre (S). 3.50 Choral Evensong (S). 4.35 Story Time. 5.00 PM News magazine. 5.50 Shipping forecast. 5.55 Weather; programme news. 6.00 News. 6.30 The Enchanting World of Hinge and Bracket (S). 7.00 News. 7.05 The Archers. 7.20 Bird Lives ! Review of the music by alto-saxophonist Charlie "Bird" Parker. 7.45 A Penny For Your Thoughts (S). 8.45 Britton On Britain (S). 9.30 Kaleidoscope. 10.00 The World Tonight: News. 10.30 The Popular Image. 10.55 Smith Again. 11.00 A Book At Bedtime. 11.15 The Financial World Tonight. 11.30 Music at Night. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.03 London Live. 12.03 pm Call In. 2.03 206 Showcase. 4.03 Home Run. 7.00 Black Londoners. 8.00 In Concert. 10.00-5.00 am As Radio 2.

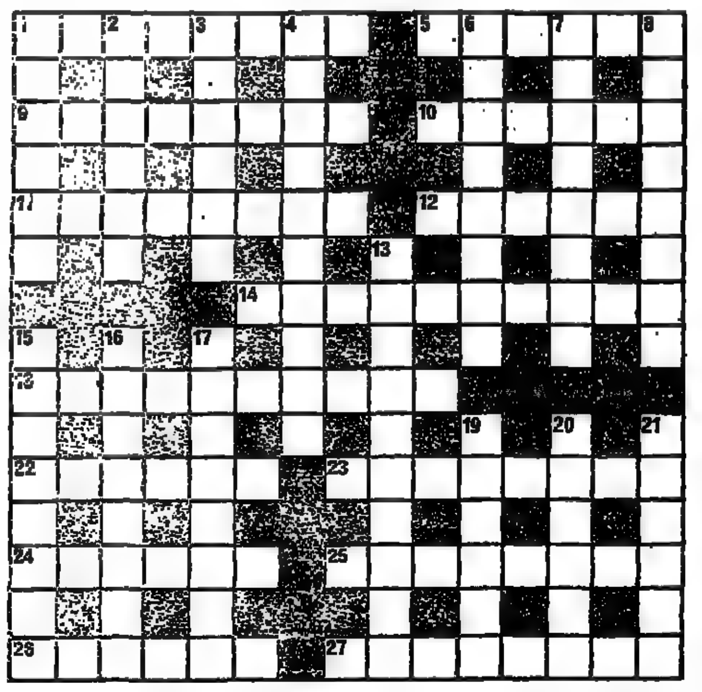
London Broadcasting

5.00 am Morning Music. 6.00 The AM Show with John Perkins and Steve Wood. 10.00 Open Line. 1.00-8.00 pm LBC Reports with George Gale at 3.00. *8.00 After Eight. 9.00 Nightline.* 12.00 LBC Reports. 1.00 am Night Extra.

Capital Radio

6.00 am Graham Dene's Breakfast Show (S). 9.00 Mike Smith (S). 12.00 Dave Cash (S). 3.00 pm Roger Scott (S). 7.00 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Alan Freeman (S). 11.00 Tony Myatt's Late Show (S). 2.00 am Duncan Johnson's Night Flight (S).

F.T. CROSSWORD PUZZLE No. 4,054



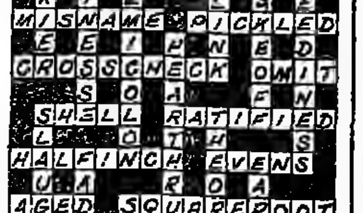
ACROSS

1 Drink always put in bag before start of excursion (8)
5 Soldiers are posted and don't like it (6)
9 Telephone twice for old time-keeper (4-4)
10 Rapier celebrated in part for its penetrating action (6)
11 Oxen going to Loch in trim condition (8)
12 Moved slowly a small distance towards the editor (6)
14 Dance with cheek in company with a dish (5-5)
18 Epidemic that may possibly silence pet (10)
22 Salesman with presence can make good (4)
23 Sailors in the drink (8)
24 A note in aria from the Middle East (6)
25 Finishes game in masks (8)
26 Fervent plot wherein evil is propagated (6)
27 Runner ignores usual customs (8)

DOWN

1 Joint of beef on end of tray could be rank (6)
2 One who wantonly damages vehicle lad brought up (6)
3 Travelling in old part of Yorkshire (6)
4 Abrasive—like The Daily Mirror? (5-5)
6 Live up on headland in iniquity (8)
7 Taunt her for producing vegetarian food (5-3)
8 Pedalled part of wheel that is on the ground and was in front (8)
13 See the beauty flourish amid the fruit-blossom (5-5)
15 Come closer with a very soft fish (8)
16 Sapling creating dust on factory (3-5)
17 Belittle small car on motorway going to south-east (8)
19 Work done by engineers and secretaries (6)
20 Walk one way and turn (6)
21 Leer about ship being smaller (6)

Solution to Puzzle No. 4,053



ENTERTAINMENT GUIDE

OPERA & BALLET

COLISEUM. Credit Cards 240 5258. Reservations 836 3161. ENGLISH NATIONAL OPERA. Tonight 5.30: Siegfried. Tomor. 7.30: Die Fledermaus. Fri. 7.30: La Traviata. [illegible]

[illegible]

THEATRES

FORTUNE. 836 2238. Evgs. 8.00. Mats. Thurs. 3.00. Saturdays 5.00 and 8.00. AGATHA CHRISTIE'S MURDER AT THE VICARAGE. FIFTH GREAT YEAR.

[illegible]

THEATRES

SAVOY THEATRE. 01-836 8888. Credit cards 01-734 4772. BILL PATERSON "... one of those rare young lions of British Theatre." F.T. WHOSE LIFE IS IT ANYWAY? PLAY OF THE YEAR.

[illegible]

CINEMAS

[illegible]

CLASSIFIED ADVERTISEMENT RATES

[illegible]

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هكذا من الأصل

THE ARTS

'Lulu' at Santa Fe

by ANDREW PORTER

The Santa Fe Opera, founded (in 1957) and directed by John Crosby, has a record of high adventure. Here the world premieres of Berio's *Opera* and Villa-Lobos's *Yerma* were given, and the American premieres of, among other pieces, *Owen Wingrave, The Bassarids, Boulevard Solitude, The Stag King, Cardillac, News of the Day, The Devils of Loudun, The Nose, Daphne*, and Stephen Oliver's *The Duchess of Malfi*. And here the full, three-act *Lulu* has just had its second production and American premiere: its *real* premiere, one might say, since the Paris staging earlier this year was a perversion of the opera that Berg composed.

The opera house is in the hills outside the town, on the Crosby ranch. A roof swoops forward from over the stage house; another comes forward from over the balcony towards it. It is not exactly an open-air theatre nor exactly a closed one. Eight rows in the middle are uncovered, but there is room for their occupants to stand at the back if it should rain. The sides are partly open to the night sky, and the back of the stage can be thrown wide for "Dolce notte! quante stelle!" or "Venere splende." Holding 1,765, it is a beautiful building and a musically successful one, with admirable acoustics. There is a Glyndebourne feel to the enterprise, as the company gathers for the two-month season. The Rocky Mountains, the swift Rio Grande, the canyons, the turquoise skies make the visitor's days a round of delights.

Lulu was produced by Colin Graham, working at the top of his form, showing—as in the ENO *War and Peace* and *House of the Dead*—his ability to trace the long line of a drama without neglecting or falsifying the incidental representational detail. This was Sante Fe's third different production of *Lulu*. Mr. Graham and his designer, John Conklin, took some surviving sketches by Rudolf Heinrich (who designed and produced the 1963 *Lulu* at Sante Fe) as their starting-point. Within an outer structure of charcoaly clinker streaked with silver (not the dreary black drapes of contemporary cliché), handsome *Jugendstil* interiors—and finally a sqalid London attic—were built. Michael Tilson Thomas conducted with a warmth of emotion that was missing in Paris, while securing an accurate and formally balanced performance. The drama came across in Arthur Jacob's skilful English translation.

Lulu herself was no more satisfactory—in fact, rather less so—than usual. Nancy Shade does not have the Zerbinetta extension for which Berg wrote; her high notes were horrid. Dramatically she was all over the place; sometimes stagey, sometimes a tomboy, never natural. I am told that this is in fact, Miss Shade's natural, everyday demeanour, but it won't do for Lulu, who must—except when deliberately lying, as she does to Geschwitz—seem honest and direct in all she says and does. Katherine Cieskinski, the latest of America's fine young mezzos, was a dignified, moving and beautiful Geschwitz.

William Dooley was a very powerful Dr. Schön, commanding, confident, formidably "the tiger whose habit it is to strike down whatever might hinder him in his leap." Barry Busse, the Alwa, lacked lyricism. Leo Goeke, the Painter, was promising but too careful. Mr. Dooley, Lenus Carlson's Acrobat (built upon his Met performance of the role), and, above all, Andrew Foldi's Schigolch (a veteran of nine *Lulu* productions) showed how important it is to be "at home" in the *music*, and how straightforwardly singable it *can* sound.

Lulu needs its three acts, since both dramatic and musical themes find their fulfilment in the "new" scenes. But it has become an even more painful and distasteful opera; everyone is dragged very low by the end. In a new book on Berg, Karen Monson wonders whether "Lulu and her circle had become too sordid and distressing" even for the composer, and whether that was why he left the piece unfinished. I can't welcome the completion with altogether uncomplicated enthusiasm. The music is marvellous; the chain of duets in Act III Scene 1, punctuated by ensembles, is brilliant; but the *matter*? It's hard not to feel *some* sympathy with Helene Berg, who tried hard to bury Act III.

Nancy Shade in 'Lulu'

The other opera I saw in Santa Fe was *The Magic Flute*, in a disastrous production by Peter Wood, with ugly, flimsy designs by Sam Kirkpatrick. The temple initiates became a Muslim band, Sarastro their ayatollah, cruel to animals and to women. (The lions were lashed; Pamina sang "Ach, ich fuhl's" before the assembled male chorus, watching her discomfiture.) A story-teller told us what we were watching, or interjected things like "said Tamino" and answered Papageno" into the spoken dialogue. "Bei Mannern" was a balancing trick with trestles. The Queen of Night's second aria was a dream of Pamina's. And so on. Isobel Buchanan was a colourless Pamina, and David Kuebler a tight, dull Tamino. The order of numbers in Act II was not slightly but thoroughly shuffled. Raymond Leppard's conducting seemed slow and slack: "affectionate" would be too kind a word for it.

Television

Down in the August dumps

by ANTONY THORNCROFT

"It was planned to repeat this week one of Chris Dunkley's television articles which first appeared in November, 1978, but an industrial dispute has made this impossible." Not perhaps common journalistic practice but an everyday story in the world of television, which always sounds much more glamorous than the actual programmes that appear on the screen. What exactly does the staff of the BBC get up to in August—decamp to Great Yarmouth in a thousand chars-a-bancs for the duration, abandoning Richard Baker with a ragbag of repeats to transmit at his convenience? And how can the tough and canny technicians' unions allow themselves to be in dispute with the ITV companies in the very month that their employers' revenue annually takes a dive? All the excitement is obviously happening behind the cameras, leaving us with the crumbs.

At least the uninspired message on Channel Nine, always promising an explanation for its blank screen on a tomorrow which never comes, makes you realise that you cannot have enough television channels. Just reading about the programmes planned for ITV is becoming a mouth-watering alternative to the reality on BBC. I know all the good reasons why August is a wicked month for television viewing, but with so many outstanding programmes under its belt why do the BBC repeats have to be so dull?

That is perhaps unfair to two recent programmes which were so important that they could do with constant repetition and constant updating. *Who Killed Georgi Markov?*, about the assassination of a BBC broadcaster, a refugee from Bulgaria, by a bacteriological poison on Waterloo Bridge, brought out into the open the underlying reality of East-West relations beneath the temporary flannel of Helsinki Agreements, while *The Silent Witness*, an investigation into the Turin Shroud, argued a case which, if accepted, should literally have transformed the lives of the majority of viewers. We are asked to believe that the shroud of Jesus exists and that it is impregnated with his image, impregnated in a way beyond human creation.

While in the Markov case there seems to be no defence, and no apologists were on hand from Bulgaria or the Soviet Union to deny the charges, two theologians, one Catholic, one Anglican, took part in a follow-up to the original programme on the Turin Shroud, and argued that Christianity is based on faith and that any concrete evidence proving the resurrection of Jesus would only attract some rather unwelcome practical men on to the bandwagon. It was an odd argument until you consider that Christianity's great modern rival, Marxism, is based on facts, facts that led to the Markov killing. Faith is a more reliable master, but it will still be fascinating to know the "facts" about the Turin Shroud after it has been subjected, as it should have been long ago, to the conclusive carbon dating tests. A positive result could start another Counter-Reformation.

But these riveting expositions on politics and religion were the exception. More typical August fodder last week was a trio of biographies — about Chaplin, Diaghilev and the aesthete, Charles Ricketts. It is chronologically possible for the three men to have been acquainted, although only Tom Stoppard could imagine their conversation. The BBC came up with no such flights of the imagination, presenting instead some stodgy reminiscences. Indeed the articles on Diaghilev and Ricketts in the Radio Times were more informative than the programmes.

Chaplin was the latest scalp in Barry Norman's reliably entertaining dips into the dirty washing of Hollywood. Judging by the age of most of the raconteurs Norman got there just in time, although the subjects of their reminiscences might not think so. Chaplin was fortunate to survive to be 88 and a Knight. By the time of his death the frightful way he treated most people, especially women, in his prime was forgotten about because of the dreadful way he had been treated by McCarthyite Americans in his old age. Norman seemed to think his genius justified his selfishness and an ex-wife and son Sydney looked back in sorrow rather than anger. But as always with these biopics the treatment is necessarily superficial, and many of the most important participants are unwilling to be interviewed, so that more questions hang in the air at the end than are answered. I wanted to know more about the financial side: about how Chaplin's comic stature squared with his apparent lack of geniality or wit: about his character. And, most of all, how an uneducated cockney came to speak English to beautifully, despite almost 40 years in Hollywood.

Chaplin in 'A King in New York': beautiful English

Diaghilev cannot complain about the notice being taken of the 50th anniversary of his death. He has cornered the Edinburgh Festival and BBC 2 devoted 75 minutes to his life on Saturday. This was a worthy rather than an enjoyable programme, too heavy with Russian accents and reminiscences, too light on visual treats. By the end even the participants agreed that Diaghilev's reputation was in danger of out-running his talent, but that has never prevented the BBC compiling a tribute, as *Poverty and Oysters* showed.

We were deep in Monty Python country here and I am still prepared to believe it was all a hoax. But I suppose I know that Charles Ricketts was the centre of an artistic coterie around 1900: it is just that producer Margaret McCall seemed to opt for gentle parody, presenting Ricketts and his live-in friend Charles Shannon as a kind of feminine Hinge and Brackett. Ricketts floated through life; a little dabble in oils here, a stage design there, knocking up the odd bronze, and bursting into perspiration at the prospect of getting a Masaccio for 25 bob. Ricketts was always bursting into perspiration, and dramas, like the collapse of a Roman figurine, were enough to send him weeping to bed.

The Ricketts home was obviously accident-prone, not least when a picture fell on Shannon's head and turned this "quiet, gentle, reasonable wife" into a pathological hater of Ricketts. Lord Clark, who with Cecil Lewis, narrated this extraordinary programme, was, under the circumstances, quite brave in accepting Ricketts' invitation to "come and grub with me." Perhaps he did not take the little man seriously (Ricketts never topped five feet): when musing over a Ricketts aphorism "in beauty lives all wisdom and all other knowledge is vain," Lord Clark looked as if he had swallowed a bad oyster and after a reflective pause commented, "one of those deep thoughts which are difficult to put a meaning to."

Poverty and Oysters had very little meaning, from the title downwards. We never discovered how Ricketts supported himself, let alone Shannon. He seems to have survived in an artistic bubble which has floated harmlessly down the years only to be punctured by the cruel intrusion of television. As Lord Clark, apparently trying to distance himself from the tiny subject, let drop such bombs as "his Watteaus were quite extraordinary," you began to understand the appeal of August to the BBC: it is a wonderful time for a clear-out of surplus stock.

EDINBURGH FESTIVAL

The Caucasian Chalk Circle

by B. A. YOUNG

This is the third production I have seen this year of Brecht's expanded anecdote. Not only is it the best of the three, it is far and away the best production of a Brecht play that I've ever seen outside the Berliner Ensemble, and I only make that reservation with some reservations of my own. Brecht's intellectual hocus-pocus about *Verfremdung* has been thrown out. Robert Sturua's production at the Lyceum for the Rustavelli Theatre Company—the Georgian State Academic Theatre, from Tbilisi—relies on sensitive acting, graceful movement and an overwhelming sense of fun. This is true people's theatre.

The stage is bare. In one corner is a huddle of old furniture, including a map on which the Caucasus is appropriately outlined with a chalk circle. Here J. Lolashvili, the agile narrator, has his base and his microphone. On the opposite side a pianist (L. Sikmashvili) in an old brown bowler sits at an upright with a grand turned upside-down at his side, so he can hit its strings with a mallet to produce a menacing roar. The Brecht ballads, like the boring introductory debate, have gone in Mirianashvili's free Georgian translation. Instead, there is copious music by Gia Kancheli in a tuneful music-hall vein. Such scenery as there is, curtains mostly, is self-consciously ragged. Even the property horse from which political announcements are made through a megaphone is only a partly-covered wire framework.

Sturua deals not only with fine full-blooded crowd scenes, he adorns them with subtle detail. For instance: at the Easter festival in Act I, the Governor's new baby is to be presented to the people. A nurse and two maids push through the mob a rickety blue pram that looks as if it might have just fallen down the steps in *The Battleship Potemkin*, singing a pretty "Alleluia, Alleluia!" as they go. When they reach centre-stage, they move away in a sudden ballet movement and hold a graceful pose, while the child (a doll) is removed for exhibition—to the audience. Then the general movement, momentarily stopped, flows on. Later, when Grusha leaves with the little prince she has saved from his mother's inner tension, she glides off backwards at something like a pas de bourrée.

The acting of the company gleams with versatility and wit. Grusha is beautifully played by a lovely dark-haired actress, T. Dolitze, but most of the subsidiary characters around her have a pantomime quality, even Simon the soldier (K. Kavsadse), who salts his romantic role with military mockery. Some characters, such as Prince Kazbeki (G. Sagaradze) in his flamboyant scarlet uniform, wear half-masks.

The star, though he enters only two-thirds of the way through the play, is the drunken Azdak, and Ramaz Chkhikvadze gives him a star performance. (We shall see him later as Richard III.) This player can do everything, and does. At one moment, he even gives us what sounds like a Verdi aria. What is fascinating about his Azdak is the intrinsic authority that lies under the generous fooling. Not for nothing is his appointment as judge confirmed after peace returns to the Caucasus. Unconventional he may be, but by the relevant Punch and Judy standards he is upright.

Around Britten by MAX LOPPERT

Gordon Crosse's *Dreamsongs*, an orchestral elegy in memory of Benjamin Britten, was given its first performance on Monday mornings by the Scottish Chamber Orchestra under Roderick Brydon. (A word of gratitude for the full, well balanced sound and elegantly austere appearance of the new Queen's Hall, described on this page recently by Ronald Crichton). Crosse can usually be relied upon to spin out a tissue of beautiful sounds. *Dreamsongs* is undoubtedly that. But it is more—a substantial and poetic composition which in its six linked sections achieves both a meditation upon Britten, always a primary influence on Crosse, and a serene and poignant farewell.

The raw material of the piece is Britten's own music—*A Ceremony of Carols*, with its chains of triads, diaphanous melodies, and air of shining innocence, provides most of it, although at one or two points the foghorn of *Peter Grimes* peeps through. Soon, it becomes clear that the original context of the material is being dissolved. The pace of the music is deliberately hypnotic, often static; Britten is dwelt upon, fragmented, heard as through a glass distantly, finally spread out into a peaceful eternity. Exotically ornamented woodwind solos rise out of Crosse's glinting orchestra; in the distinctive sound of the cimbalom, a notable addition thereto, one seems to perceive Britten's own harp-writing, refracted through dream lenses. So much could be sensed and admired even after a single hearing; but I wait impatiently for future encounters with *Dreamsongs*, and the deeper rewards they promise.

At the Usher Hall the same evening, the BBC Symphony Orchestra under Rozhdestvensky played Shostakovich's 14th Symphony (the "song symphony" that bears a Britten dedication), and the latter's *Spring Symphony*: the sum of the two concerts afforded a Britten day at Edinburgh. The 14th Symphony, vividly sung by Felicity Palmer (soprano) and strongly, though less meaningfully, by Nicola Ghiuselev (bass), suffered a degree of attenuation in the large auditorium, which allowed the oppressive darkness of its chamber-music dimensions to dissipate, and the dependence for long stretches on bare single strands of musical thought to seem dangerously risky. Magnificent singing by the Edinburgh Festival Chorus "made a case" for the *Spring Symphony*, a work for which, more than for most Britten, such is needed. Not so the orchestral playing (dreadful trumpets in "The Merry Cuckoo"): nor, it must sadly be said, the now infirm tenor solos of Peter Pears.

Arts news in brief

The Royal Ballet opens its 1979/80 season at the Royal Opera House on October 3 with a performance of Kenneth MacMillan's *Romeo and Juliet*.

*

The National Gallery's major loan exhibition for 1979 is to open to the public on September 5. Titled *Venetian 17th Century Painting* the exhibition consists of 54 Venetian 17th century paintings, 45 of which are being lent to the National Gallery from private and public collections from Britain and Ireland. Many of the pictures have never before been publicly exhibited.

The exhibition will take place in the lower floor gallery of the northern extension, where a specially designed setting has been installed. Admission free.

*

Due to technical problems unforeseen when the visit was initially set up, the Leipzig State Opera is unable to bring its production of *Die Entfuhrung aus dem Serail* to Britain during its visit already announced for next June. In place the company will bring its new production of Mozart's *Titus* (*La Clemenza di Tito*). This will be performed at the New Theatre, Cardiff, on June 6 and 7, and at the Hippodrome, Birmingham, on June 13 and 14.

These performances will be the first time that Mozart's final opera seria will have been professionally performed outside London.

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Employers stand firm

"SOLIDARITY" is a slogan whose use has traditionally been the prerogative of the trades union movement. But over the next few months, as the new pay round gets under way, calls for solidarity are likely to be heard from employers and Government ministers as often as from trades union leaders. The Engineering Employers Federation, which sent a strongly worded call to arms to its 6,500 members this week expressed many employer's fears: "weakness and lack of solidarity now will only encourage more unreasonable claims which will be increasingly difficult to resist."

No guidance

Solidarity is a comforting ideal for the many employers who are confused and worried by the return to free collective bargaining this year. Neogtiating machinery has grown rusty during the 10 years of neglect when pay policies of one kind or another held sway. There must be many personnel officers around the country who have no experience of wage bargaining without the guidance of a pay norm. It would be natural, but dangerous if they relied on other firms to establish a "going rate" around which to negotiate.

The dangers of allowing a "going rate" to be established are twofold. Uniformity in pay settlements would involve throwing away the opportunities for widening differentials, coping with skill shortages and rewarding productivity created by free collective bargaining. Secondly there is the danger, implied in the EEF's letter, that a single breach in the employers' position will open the floodgates for unreasonable pay claims durink the rest of the pay round.

Leap-frogging

This is why the EEF is emphasising the need for solidarity and is threatening to expel companies which break ranks and why some engineering employers are talking about a lock-out if the unions decide to escalate their one-day strikes next month. Given the history of leap-frogging pay claims in the engineering industry, it is not surprising that the EEF is determined to preserve unity on the questions of working hours and holidays which are at the centre of its dispute.

But it would be too alarmist to infer from the EEF's emphasis on solidarity, that a pay explosion would follow, if the unions succeeded in breaking the unity of the EEF or any other employers' association, as they did in the dispute with the Road Haulage Association last year. It is in many ways fortunate that the return of free collective bargaining has come at a time when the strength of sterling and a tough monetary policy has made firmness in response to wage demands a condition of survival for many firms. Even in the present closing days of the old pay round reports indicate that a number of employers are refusing to give way to what they regard as unreasonable claims, even at the expense of industrial action.

The unions, though they may not admit it publicly, recognise that many jobs will be at risk if they pitch their pay demands too high and push them too hard. Some are becoming increasingly sophisticated in their financial analysis and there is at least some hope that companies which manage to explain their financial positions to the unions will create a better understanding of what they can afford to pay.

Consistency

But if employers are to hold the line against excessive pay demands this winter they must ensure that the line is drawn at the right point. Unions must be left in no doubt, when they threaten industrial action, that the employer has genuinely gone as far towards meeting their claims as he intends and that he is not merely defending some arbitrary norm which has little relevance to his own financial position or demand for labour. A realistic bargaining position, consistently and clearly argued, may help to avert unnecessary disruption, which could, this winter, be more damaging than ever before to companies whose competitive position is already precarious. Just as importantly, it may help to win the support of other companies, including suppliers and customers. This kind of solidarity between companies, which the Confederation of British Industry is making some attempts to encourage, may be more valuable than any crude attempt to maintain any particular wage norm.

World trade in textiles

FOR EXPORTERS, the international textiles market is a maze full of blind alleys and unexpected turns. In Brussels, the EEC Commission yesterday said it would ask France to explain new regulations aimed at "monitoring" imports of sweaters and scarves, including those from other Community countries. Despite French protests to the contrary, the measure bears the clear stamp of protectionism. What is more, it seems to be directed principally against an EEC partner, Italy, which could be forgiven for assuming that more than 20 years' membership of the Common Market entitled it to export freely to its closest Community neighbour.

Restrictive

Outside the Community, Washington is now stepping up the pressure on its three largest developing country textile suppliers to renegotiate international agreements that are less than two years old. Itself under pressure from the domestic U.S. industry, the Administration is asking Hong Kong, South Korea and Taiwan to change the terms of bilateral pacts agreed under the so-called Multifibre Arrangement to make them even more restrictive. Ironically, it is doing so at a time when European countries are in turn complaining at an invasion of their synthetic fibre and fabric markets by cheap imports from the U.S.

In most industrialised countries, textile lobbies are strong. In the U.S. and Western Europe textile industries have a long history as pioneers of prosperity and still rank as major employers. In the U.S., their political clout has recently been doubly strong. President Carter needs all the support he can get at the start of a difficult re-election campaign, and industrial backing has had to be bought for the Tokyo Round trade liberalisation package concluded in Geneva this spring. But it would be short-sighted to think that the problems of developed countries' textile industries can be solved by the sort of ad hoc protectionist action that France is taking and the U.S. envisaging.

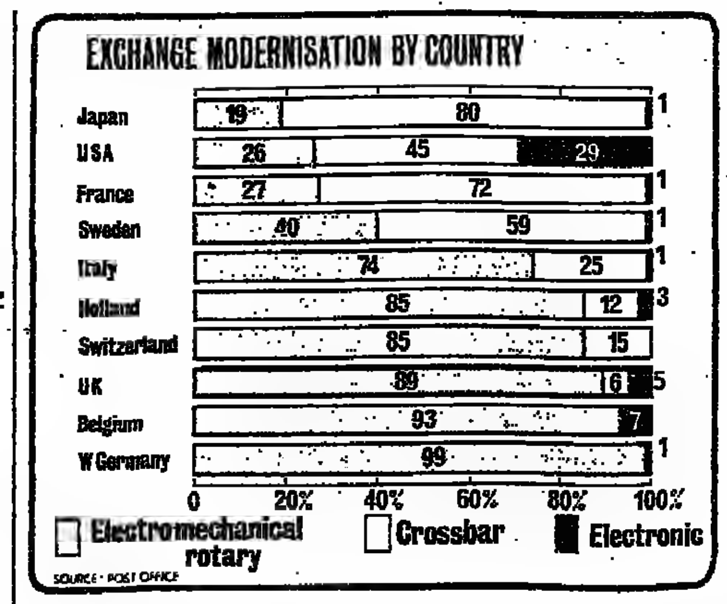
Poor countries

If textiles were in the forefront of last century's industrial revolution in the developed countries they are equally now one of the main routes to advancement for the poorer countries of the Third World. Most people in the developed world would accept that the attainment of prosperity by the poorer countries, via, among other things, industrial development, is desirable on both moral and hard-headed economic grounds. Worldwide development is necessary if the political pressures building up among the poorer nations are to be contained. Prosperity in the Third World will help to create the export markets of the future for the countries that are already industrialised. In the textiles sector, specifically, the consumers of Western Europe and the U.S. will benefit from cheaper imports—as will, of course, exporters of textile machinery.

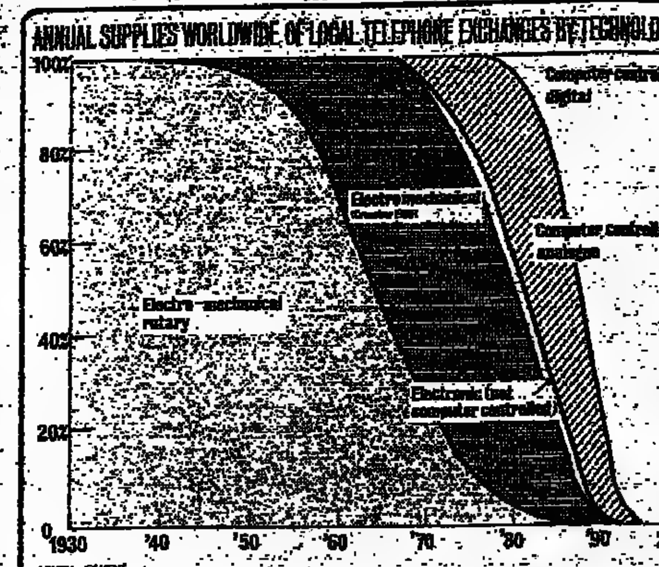
Transitional measures may be required to allow the old-fashioned high-cost industries in the developed countries time to adapt. But it must be clear that they are temporary. Otherwise, investment will go into sectors that are less than fully competitive in the longer term and protectionist pressures will continue. Equally there must be some opening for the countries lower down the development lader that do not yet have the industrial power or the negotiating muscle of the Taiwans and Hong Kongs. As the World Bank pointed out last week, improved market access for such countries would, in any case, carry little immediate threat of a surge of imports and would not require rapid structural adjustment in importing countries.

German experience

Adjustment is not impossible. West Germany is now a successful textile exporting country. The Germans have moved heavily into the top-quality, high-fashion end of the market leaving lower-cost countries free to exploit the cheaper ranges. The country's traditional free-trading mentality has helped it to face the unavoidable consequences of worldwide developments more quickly than others. When trade grows fast, it is often the same sort of products that account for rapid increase in both imports and exports. Protectionism can delay the adjustment process, at the risk of considerable economic cost. But the delay is liable to make the final, inevitable adjustment that much more painful.



The race to perfect new electronic systems with which to replace Europe's mechanical telephone exchanges has taken competitors across one of the most difficult technological obstacle courses of the decade. **Max Wilkinson** reports on the progress of a dark horse...



Siemens plugs in to digital switching

"IT HAS cost us blood, sweat and money to stabilise our system, but now we believe we have won through," says Mr. Herbert Asmussen, vice-president of Siemens, the Munich-based electrical group.

This Churchillian reference to Siemens' battle to stay up front in the multi-billion-dollar international race to perfect new electronic systems for telephone switching will evoke some alarm as well as surprise among European competitors still suffering the tears and frustrations of this highly complex development.

The task of replacing the long racks of switches and mechanical relays in telephone exchanges by computers has proved to be one of the thorniest technological feats of the decade; and the effort is only justified by the hope of winning large markets until the end of the century and beyond.

Until recently, Siemens had appeared a dark horse, fettered by the rigid demands and changes of policy of its main customer, the German Bundespost. While the French company CIT-Alcatel has been showing impressive commercial and political pace in overseas markets with its fully computerised E10 system Siemens has shunned publicity and turned its eyes inwards.

Since 1967, Siemens has been working away at the development of the EWS series of electronic exchange systems to specifications laid down by the Bundespost. But the rapid advance of microelectronics technologies during the decade has now made the original concept more or less out of date.

The basic idea of the EWS-O (local) and EWS-F (trunk) exchanges was that a central minicomputer should control the operation of banks of miniature electro-mechanical switches.

In this system, the computer is introduced to control switching sequences and to set up a call, but the means by which voice signals are transmitted through the exchange remains essentially unchanged. They are "analogue" signals in which speech patterns are represented by varying electric currents.

Most of the earlier computer controlled exchanges, including the highly successful AXE system of L. M. Ericsson, were based on analogue signals.

In 1974, just as the prototypes of Siemens' first electronic exchanges were emerging, the company and the Bundespost realised that the whole concept needed to be reconsidered.

Relatively cheap microelectronic circuits were becoming available to convert the analogue signals into the digital pulses used by computers. It was therefore possible to extend the function of computers so that they would not merely control mechanical switches, but would also perform the switching of calls entirely electronically.

Since the central processors of all computers are, in essence, large numbers of microscopic and extremely rapid switches, there are substantial gains to be made by making telephone exchanges fully digital. Besides taking up less space, such systems should enable subscribers to make connections much more reliably and more quickly. The quality of speech channelled is superior and the exchange can handle a wide variety of different types of traffic including computer data, facsimile transmission and telex.

However, just as the advantages of fully digital exchanges were becoming apparent, the nature of computers themselves entered a rapid period of evolution. The development first of microprocessors, and then of fully fledged micro-computers, gave telecommunications engineers the chance of using computing power in components the size of a domino and costing only tens of dollars.

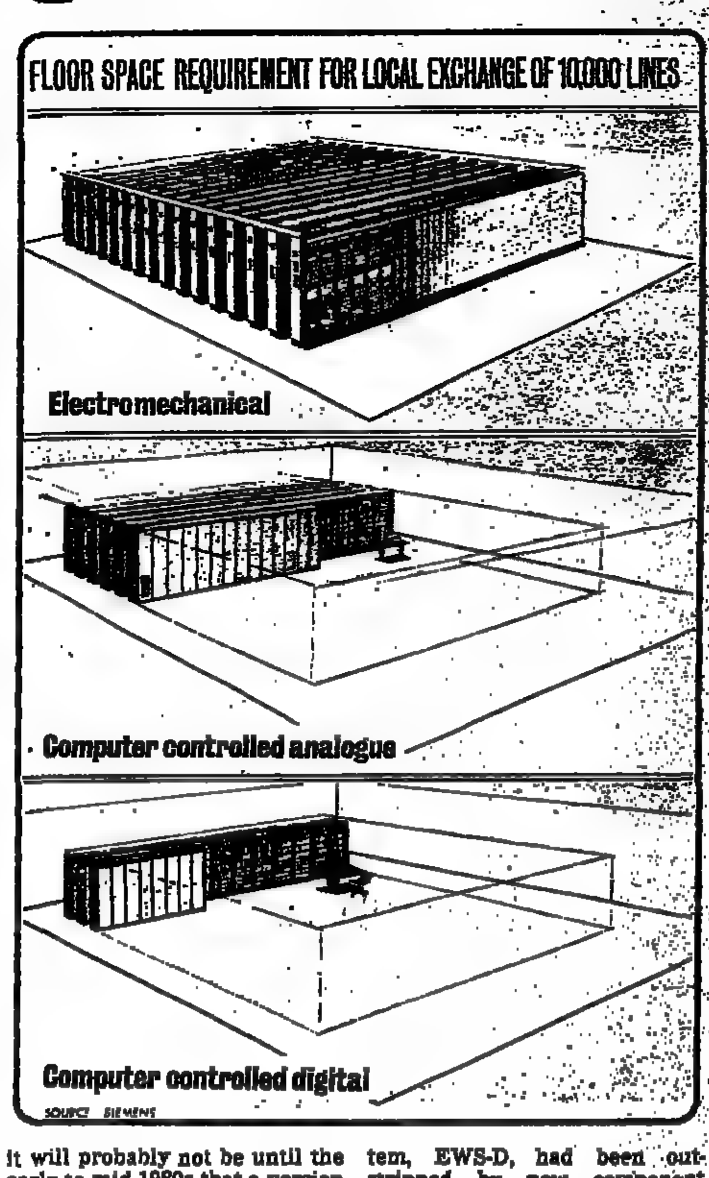
Instead of using one big computer programmed to control all a telephone exchange's function, designers could now spread computers liberally throughout the system.

These very rapid changes in technology have created enormous problems and opportunities for telephone equipment companies throughout the world.

In Europe, International Telephone and Telegraph has been forced to pour some $600m into its new all digital System 12 family of exchanges to replace Metaconta, the computer controlled analogue system. L. M. Ericsson of Sweden is now developing AXE to include a digital rather than an analogue switch. In France, Thomson CSF is developing its own all digital family of MT exchanges.

In the UK a consortium of the Post Office, the General Electric Company, Plessey and Standard Telephones and Cables (the ITT subsidiary) is now ready to unveil the first offering of its digital System X network. The delays and difficulties in developing System X have been partly caused by the flood tide of technology which has constantly diverted the course of development plans.

The first working model of a System X local exchange will be shown to the world at the Telecom 79 exhibition in Geneva next month. However it will probably not be until the early to mid-1980s that a version tailored for export will be available.



A major effort costing £1m is being made by the UK manufacturers to use Telecom 79 as a launch pad for System X. But the other major European manufacturers will be equally eager to eclipse System X, and no one more than Siemens, which after a period of secrecy is now preparing a major assault on the market.

It will be doing this with a new fully digital system which is the result of a completely new design effort started in 1977.

Siemens had, indeed, been carrying out research and development work into digital exchanges for 10 years in parallel with the development of its computer-controlled analogue systems.

However, in 1977, Mr. Asmussen says it was clear that the concepts of the first attempt to produce a fully digital system, EWS-D, had been outstripped by new component technology. With considerable sweat, if not tears, Siemens decided to scrap the whole thing and start again. After a new design study based on modern high density components a completely new version of EWS-D was got under way. The system, like its competitors', depends upon a fearsome complexity of interlocking programmes.

During 1978, when the different parts of EWS-D were plugged together, Siemens experienced difficulties and delays similar to those which have been encountered by ITT and the developers of System X. The problem in effect is to ensure that the many different computer programmes can function without interfering with each other in thousands of different combinations of circumstance.

Tests on the prototype exchange at Siemens's telecommunications headquarters at Munich have now proved so satisfactory that the decision has recently been taken to abandon the analogue EWS-F long distance exchange and to produce instead the newer digital equipment.

This large EWS-D exchange is expected to go into production next year, and the technology will be applied to local exchanges from about 1981. However, the earlier analogue EWS local exchanges will continue in production for a considerable time. This is because most telephone networks will continue to have conventional analogue connections between subscribers and their local exchanges for many years to come.

This timetable compares favourably with that of the British System X which is still in the prototype stage although some firm orders for equipment have been made by the British Post Office.

The impressive pace which Siemens has shown so far in developing its new system has been the result of the efforts of 1,500 engineers, all funded by the company without help from the Bundespost.

This contrasts markedly with the position in the UK where the development of System X has been almost entirely paid for by the Post Office. However, in spite of the cost, Siemens believes that it has gained the advantage of having the programme almost completely under its own control. In the UK, where three companies are co-operating under the supervision of the Post Office engineers have had to spend much time on the superstructure of committees and liaison meetings which Siemens says it has pruned to a minimum.

"It is really a very difficult task to co-ordinate the efforts of so many engineers even in one company. I think it would be much more difficult with three," Mr. Asmussen says.

Siemens had already been through a not too happy experience of jointly redesigning the earlier EWS six system in 1975 when four companies including the ITT subsidiary Standard Elektrik Lorenz (SEL) were involved.

This was one of the reasons why it decided to undertake much the largest part of the design of the new digital system itself—although it is still co-operating with the Bundespost and SEL which is doing a small part of the development.

In view of the importance and the speed of Siemens' move into the digital arena, it is perhaps surprising that the company's new system has not attracted more attention.

This may be because, as Mr. Asmussen says, "it is not our way at Siemens to go around shouting about a product until we are sure that it is tested and proved."

However in the next few years, the company believes it will be well placed to emerge as one of the few survivors in a market where large production volumes and the financial strength to carry a heavy development budget will be increasingly important.

In the world as a whole, Western Electric of the U.S. is easily the largest with production of about 8m lines of exchange equipment a year. It is followed by ITT with 3m lines, and in fourth place about equal come Siemens and Ericsson. General Telephone Electronics of the U.S. comes fifth with 1.5m lines a year and the four Japanese companies headed by Nippon Electric together produce about 4m lines a year.

In this league table the two French companies (Thomson CSF and CIT-Alcatel), the two British-owned companies (Plessey, GEC) and the Italian State-owned company SIT-Siemens (not part of the German Siemens) all look very small.

It could be argued strongly that few if any of them could survive in telephone switching without the help of national protectionism. Of these companies only CIT-Alcatel has so far made much of a showing with digital exchanges in the export market, although Thomson has chalked up a big know-how agreement with Russia.

In countries which have traditionally bought from France CIT Alcatel and Thomson will probably continue to make headway. By the same token Siemens will exploit its strong position as an exporter of traditional types of exchange to more than 40 countries when it comes onto the market with a digital system, which it claims to be one of the most advanced in the world.

At the least Siemens appears likely to provide heavyweight competition to the British System X in export markets, at the worst it could help deliver a knockout blow to British hopes in one of the early rounds of international appraisal.

Yet if the British telecommunications industry is to preserve jobs and to achieve economic levels of production, it will have a great need for export orders. Therefore, when the campaign to obtain exports for System X opens with a fanfare in Geneva next month, it had better be good.

MEN AND MATTERS

Klosters thrusts the boat out

I was interested to hear yesterday that the refit of the liner France now, to the outrage of the French, renamed the Norway) in a German shipyard is to include some special "thrusters." A news release from Hapag-Lloyd in Hamburg, smugly detailing the £24m-worth of the swimming pools, computers and nightclubs to be installed, includes the bland information: "Of importance too is the installation of three bow thrusters and two stern thrusters with a total capacity of 10,000 hp, enabling the vessel to manoeuvre very largely without assistance from tugs."

Quite what proportion of the £24m these thrusters will chew up is not vouchsafed, but they would appear to be a kind of insurance by the Norway's owner, Knut Klosters, against a repeat performance of what happened when he decided to have the ship dolled up for its new incarnation as a Caribbean cruise ship.

Sensitive to French national pride, Klosters gave Le Havre repair yards first option on the work. But the French bid was so much higher—£15.7m, to be exact—than that of Hapag-Lloyd that he understandably felt it was not his duty to spend that much money on placating ruffled Gallic emotions. In this he found himself in profound disagreement with French shipyard workers, who occupied a harbour-lock to stop the France/Norway leaving. Tugboat captains and crews also refused to tow the ship out to sea and the whole incident assumed a strange symbolic and political importance.

Eventually the riot police made the protesters go away. The tug men held out for another day before Dutch tugs turned up to move the ship.

Kitted up with its thrusters (but with noticeably smaller turbines—21 knots maximum speed against a previous service speed of 30.5) the Norway will in future be able to make an independent get-away from such intractable encounters. On board, when not watching "new colour tv in every room," strolling along the new shopping street ("boutiques, a church, cafes, soda fountains, a night club, etc.") or in the casino, the hall full of gambling machines, or one of the 13 new bars, passengers on the slow boat to Jamaica will see few reminders of the France's Gallic origins.

"If this keeps up one of us is going to be on the other side of the counter."

All at sea

Letting the odd £100,000 slip through their fingers seems to be becoming a habit in the Hayward family. I hear the aged parent of Bahamas-based millionaire and Liberal Party benefactor "Union" Jack Hayward is in danger of being caught for a sum not unadjacent to that figure. Sir Charles Hayward, 87 next month and ensconced in tax exile on the 44-acre Isle of Jethou, off Guernsey, retains a strong interest in yachting.

Unfortunately, something very rare—in the Channel Islands at least—has happened to the Guernsey Boatbuilding and Engineering Company. To the consternation of its 70 employees it has gone into liquidation. More to the point, as far as Hayward is concerned, it had, when it went under, only three-quarters finished his £100,000-plus motor launch, to have been called the Lady Hayward.

Sir Charles's staff tell me there is some confusion at the moment about whether or not he can recover the hefty advance payments he has made on the boat, of a type ominously called "North Gale." The situation is said to be up in the air: hardly the place for a boat.

All in all, no-one is happy about the shipwreck of Guernsey Boatbuilding, except perhaps Neil Cooper, senior manager of City accountants, Touche, Rosse, who have been appointed liquidators. "I'm sitting here in the sun," Cooper tells me from the holiday island, "the boats are bobbing up and down, the creditors are banging on the door . . ."

Cooper is becoming quite a well-known figure on the island. He successfully sold, for an unexpectedly good price, the marooned Guernsey Railway Company, which runs the only buses on the island. As a result he was also called in when the boatbuilders, too, ran aground. "The more one comes here, the more enjoyable it becomes. I'm thinking of setting up an office here," he says. Cooper was particularly enchanted by the colourful Norman-French swearing-in as liquidator of Touche, Rosse's senior insolvency partner, Chris Morris.

As for the boatbuilders, he says an unrealistic costing system seemed to be the root problem. For the islanders, however, the explanation stuck out a mile—the company was managed by "foreigners," i.e. people not from Guernsey. "For them there can't be anything worse than that," says Cooper.

Crossing cheques

A harassed pair of holidaymakers in a far-off land suddenly discover that they have lost their travellers' cheques. They rush back to their hotel, and ask the manager what to do. "Ah, do not worry," he says. "I call ze American Express."

"But they were not American Express," cry the troubled pair — whereupon a look of despair comes over the hotelier's face. "Most people carry ze American Express," he intones.

This eye-catching American Express commercial has been appearing on U.S. television. It certainly caught the eye of Citibank, the second largest U.S. bank and American Express's main competitor in the travellers' cheque business. Last week, Citibank took the surprising step of placing a full page advertisement in the Wall Street Journal to ask: "Is American Express running deceptive television commercials for its travellers' cheques?"

Yesterday, Citibank answered itself in another full page advertisement. "Yes, those TV commercials for American Express travellers' cheques are false and misleading," the headline read. Citibank claims that a wrong impression is being created — that holidaymakers using other travellers' cheques than American Express will have trouble getting refunds.

American Express has replied that its advertising is not misleading. But it is planning to add a line to the commercial pointing out that other issuers of travellers' cheques also give refunds. This may not be enough to satisfy the Federal Trade Commission, which has launched an investigation into the campaign. The FTC plans, moreover, to examine American Express's refunds performance.

Mega-message

The nuclear lobby in the U.S. is, I fear, treading into a minefield with its latest slogan: "More lives were lost at Chappaquiddick than at Harrisburg."

Observer

Glasgow battles against the tide

By RAY PERMAN, Scottish Correspondent

A THRIFTY Glasgow newspaper might keep in type the headline "Shipbuilding crises in the Clyde." The latest round of cuts and closures, which again fall hardest on Clydeside, is nothing new: some of the men who will lose their jobs at Govan or Scotstoun have been through as many as five shipbuilding crises in their working lives. Redundancy, it is said with dry humour, is part of the job.

But Glasgow's problem is not just that of one industry—more than shipyards have slithered down the slipways to sink without trace in recent years. Eighteen months ago it was British Steel's Clyde Iron Works that was being closed. Nine months ago the 700 jobs at Goodyear, Drumchapel, were being lost. Next month 900 will go as Prestcold closes its two Glasgow factories. There was a slight lifting of hearts a few weeks ago when some prospective buyers looked over the plants, but it was false hope; they were not interested.

These are the agonies suffered by a once powerful and prosperous industrial city whose pride is still strong enough to make it grieve over the wounds inflicted by inevitable structural change. But these injuries, serious as they are, again do not tell the whole story. The haemorrhage that is draining the life from the city week by week is less noticeable, but no less serious. In an inner conurbation where the low standard of housing heaps a special burden on the local authority, where publicly provided services such as transport, refuse collection, social work, education and policing are struggling to keep up with increasing demands and diminishing resources, where vandalism and crime are the only outlets appealling to youngsters with no hope of a job, it is not only people who leave or give up the fight. Businesses, particularly small firms that provide most of the employment, do so as well.

The last Government acknowledged the special problems of Glasgow by promoting an ambitious renewal project in the East End of the city and the present Government shares this concern. It indicated this week that it would like to see similar help being given in the hard-pressed shipbuilding areas.

None of the problems faced by Glasgow is peculiar to the Clyde — Merseyside and Tyneside face them too. But Glasgow, with its far higher proportion of public sector housing and its particular dependence on outdated industries faces them in an acute form.

Population declining, closures increasing

In the decade up to 1974 more than 100,000 jobs were lost in the city and its suburbs and as far as anyone can see the loss will go on. The Regional Council has estimated that by 1981 the net loss of jobs could be a further 48,500. Most of this drop in employment has not been and will not be caused by the well-publicised big industrial crises, but by the steady stream of closures of small companies.

Small businesses in the city are especially vulnerable to economic downturn. A recent study by the Scottish Office's Economics and Statistics Unit showed that the number of closures over a 10-year period was 516, almost one a week and a fifth more than might be expected, considering Glasgow's share of the total of Scottish companies.

To a certain extent the city fathers, aided and abetted by the Government of the day and by planners, architects, sociologists and experts of all sorts, brought this situation on themselves. The realisation that the population was growing faster than the city council's ability to provide homes, led on the one hand to a huge and almost indiscriminate housing policy and on the other to a positive encouragement to people to leave and make new lives in the new towns.

The population of the city has fallen from a peak of around 1,150,000 in 1951 to less than 800,000 now, but that drop, far from reducing the difficulties, has brought new ones. As any company that opts for a policy of voluntary redundancy discovers, the ones that leave are those best able to find new jobs elsewhere. Those that stay tend to be the least able to look after themselves. So Glasgow has a population overloaded with the old, the unskilled and in other ways disadvantaged. Though many managers, professionals and skilled manual workers still work in the city, most of them choose to live outside its boundaries: they use its services, but the rates they pay on their homes swell the revenues of other local authorities.

Local government reorganisation in 1975 did a little to lighten the burden, but not much. Some expensive services such as education, social work and police were taken by the new Strathclyde Regional Authority, meaning that the costs were spread over a much wider area (to the dismay of districts outside the city, which found their rates rising substantially), but the old city, reconstituted as the City of Glasgow District, was left with responsibility for housing and was denied the rate revenues from prosperous dormitory areas like Bearsden, Milngavie and Eastwood, which remained outside its boundaries. Only Rutherglen, an area as old and run down as many already inside, came into the city.

Today Glasgow's revenue is falling each year, while the calls on its funds rise. The decrease in population means that help from central government in the form of the resources element in the rate support grant, which is intended to compensate for the lack of rateable value, declines correspondingly. In the current year Glasgow is receiving £1.75m less than it did last year, and with the population continuing to go down, Government aid will again be cut next year and the year after.

Yet the demand on this dwindling income gets greater. The housing problem has been solved in the sense that there are now roofs over heads, but many of the homes in Glasgow hardly justify the name. The regional report three years ago estimated that there were 57,000 sub-standard houses or flats left. Many of them are 100-year-old tenaments, substantial stone buildings which the city has found out late in the day can be rehabilitated relatively cheaply to form attractive comfortable blocks that people want to go on living in. Some are considerably newer: council flats of prewar or younger vintage, already in need of virtual gutting and internal rebuilding.

The addition of bright coloured paint, central heating and some grass and trees round about can make the two, three, four and even five storey buildings habitable and even pleasant. Little, however, can be done to lessen the misery of most of the tenants forced by necessity to live in the tower flats, which the council realised too late (after the notorious Red Road blocks; the "tallest in Europe," it was proudly proclaimed when they were built) were a disaster. The architects who advised gullible councillors to erect them were not faceless men: Sir Basil Spence designed some of the first and most impersonal blocks in the Gorbals area. They are hated by the people who have to live in them.

But the continuing high level of expenditure on housing means that the capital debt is large and rising. It is £650m now (of which £550m is for housing) and servicing it costs £83m, or 43 per cent of the city's total revenue last year. The effect on firms of this financial situation is immediately obvious when you look at the commercial rate. This year the city district council is levying 27p in the pound on industry, compared to only 13p for the new town of East Kilbride or 11p for the new town of Cumbernauld which are also in Strathclyde Region, so pay the same regional and water rates. If the saving on rates can make the difference between profit and loss, it makes sense to move to a new town where the development corporation has a plethora of other inducements to offer as a bonus.

Spending rising, income falling

The squeeze between falling income and rising spending will go on getting worse, but not coming to a conclusion. "We are suffering from a chronic illness, not an acute one," says Mr. Bill English, Glasgow's director of finance. "If we were able to demonstrate that a week on Friday Glasgow was going to collapse, the Government would have to come in and deal with it, but we are not in that situation."

What is likely to happen is that Glasgow will become progressively less able to deal with its problems and particularly less able to undertake bold solutions to them, such as the East End renewal scheme (GEAR—Glasgow Eastern Area Renewal) and the similar one now being mooted for the West Clydeside area, which has been hit by the latest round of shipbuilding closures.

Although co-ordinated by the Scottish Development Agency which is directly financed by Government and is contributing £59m, a third of the total £152m cost of this imaginative and so far successful project is provided by the city council. The aim is nothing less than the transformation of one of the oldest and most worn out districts of the city into an attractive area in which to live and—as important — work. New homes are being built, old ones are being refurbished. Eyesores, like half demolished tenements and vandalised buildings, are being removed and replaced with clean and pleasant open spaces. Some little patches of green, with benches and saplings have been there for more than a year now, with no trace of the vandal's spray paint or boot.

Most impressive, considering the record of company closures in the city, a lot is being done to help companies survive. A chemical factory processing activated charcoal was helped to move within the area to a site where it was not in constant conflict with two adjacent tower blocks: a glassware company employing 600, was given the improved access it had been seeking for years and provided with a screen wall to make it more secure. Small workshops and factories are being provided on street corner sites, close to the housing areas so that people can walk to work. So far every unit has been let before construction work is finished.

Many of these go to businesses that are already established in the East End, but, as Mr. Richard Colwell, the Scottish Development Agency's Director of Urban Renewal, points out, they are being saved from either moving away or going out of business. The idea is not just to give them new premises, but to eliminate some of the causes that contribute to company closures in the city. The cost of vandalism and theft, for example, is a heavy load that Glasgow businesses bear twice over, in their direct cost and through extra insurance premiums that can cripple a business living on the margin of viability.

Taking their lead from the old railway tunnel arches, which are favoured because they provide high security, the GEAR architects have designed factories with few windows, strong steel doors and roofs that are shaped to be difficult to climb.

The project's industrial approach is based on the belief that small industries provide more jobs for local people than do big, glamorous incoming companies. The idea is not to attract commuters into the area, but to prevent more people from moving away. It makes sound sense, but it is a slow process.

What is needed if GEAR and the new Clydeside scheme, which is to be discussed shortly between the SDA and local authorities, are to succeed, is a continuing commitment. That is something the six public bodies involved in the pilot scheme, and especially Glasgow, may find it very difficult to maintain: to a greater or lesser degree they all face spending cuts and other pressing demands on their time and money. And the Government has refused to exempt GEAR from the general financial clampdown: in the next few months it will have to take its share in the expenditure reviews.

Against the enormous scale of Glasgow's problems, all that the officials and elected representatives have to guide them is the certainty that the longer they leave them, the more difficult and the more expensive they will become.

Letters to the Editor

Bridging the academic-industry engineering gap

From Professor A. Morton

Sir,—David Fishlock's article (August 15) on the new four-year electrical engineering degree course at Bath, for which GEC have provided much of the initiative, is further welcome evidence of the new determination of the universities and the engineering manufacturers to understand each other much better than they did in the past. If the trend continues we should in a few years be well on the way to undoing the mischief of many decades of blindness.

But one sentence in the article really cannot be allowed to pass, namely the monumentally inaccurate statement attributed to Mr. Hugh Wassell of GEC that the "enhanced" degree courses offered by some other universities (seven, in fact) were "much the same old formula "cobbled together with a year of management studies."" This simple remark is full of false suggestions.

What is this derided "same old formula"? Is it the sound teaching, by lectures, tutorials, laboratory work and projects, of fundamental engineering principles without which there can be no adequate understanding of modern engineering design or manufacturing operations and which must occupy the greater part of any three-year degree course? No university and no reputable firm (including GEC) could contemplate seriously curtailing this, and little time then remains in a normal course for individual specialisation, for practice in applying basic knowledge to industrial problems and for the "support technologies" which the new course at Bath rightly features.

The trouble in the past has been not that the old formula was wrong but that in too many cases it could not be complemented by the necessary additional studies and industrial practice. The latter of course is crucial, but there are far too few industrial training places for pre-University or vacation work and only industry can provide them. Until then it is no good complaining that graduates from traditional courses lack practical knowledge, industrial perspective and balance. Fortunately we are making progress, and firms are now prepared to work with Universities and polytechnics, as never before to achieve a proper combination of industrial and academic training.

There remains the need for the fourth academic year to permit the inclusion of new material aimed at bridging the academic/industrial gap. For many years this was unthinkable on financial grounds but now, suddenly, it becomes possible and even fashionable. The approach is to include new material throughout the four years to relate the basic engineering to industrial practice and to introduce students to the problems and techniques of running an industrial organisation. This latter objective must involve a combination of subjects ranging from the clearly technical and mathematical to the clearly human and behavioural, and it is impossible to say where engineering ends and management begins.

Take for example the planning of industrial maintenance. There are mathematical techniques that tell us how often to inspect running machines and how to allocate the work of fitters to minimise total cost or downtime, but the mathematics may lead to answers that for valid practical or human reasons cannot be put fully into effect. We cannot give students the experience and maturity to enable them to take responsibility in such matters as soon as they graduate, but we can teach them the basics of both the mathematics and the human behaviour so that they will master the business more quickly and more effectively than would otherwise be the case. Similarly the engineer needs an understanding of costs and accounting procedures if he is to avoid the pitfall of producing proposals that are technically sound but economically dangerous. All this can be called "management studies," "support technology," or what you will. Many of the university courses dismissed in such cavalier fashion in your article are the result of hard thought about these matters, coupled with no little experience, and you do a disservice both to industry and to prospective students in suggesting otherwise.

The Bath/GEC course is the latest example of an established modern trend, the unique feature being that at present it is confined to students from one firm, which is clearly not something that can be widely copied. We wish it every success.

(Prof.) A. J. Morton.
University of Manchester,
Oxford Road, Manchester.

Benefit and tax

From Mr. J. Harvey

Sir,—A recipient of car benefit (and any other benefit) from his employer is receiving the amount of benefit net of tax, e.g., on Automobile Association figures a car over 1800 cc costs the employer £1,044 to save the employee personal expenditure of that amount.

The salary needed at various tax rates to achieve a net £1,044 is shown in the table and this "grossing up" is needed to achieve equity with an individual who meets such expenditure out of his after-tax income.

Does the Inland Revenue intend that car benefit recipients should be assessed on the grossed up figure? If not fairness will not be achieved.

Benefit received £	Top tax rate %	Gross salary equivalent £
1,044	30	1,491
1,044	40	1,740
1,044	50	2,088
1,044	60	2,610

J. Harvey.
9 Greenhill Avenue,
Giffnock,
Glasgow.

Fortified for the journey

From Mr. H. Bunce.

Sir,—Surely the time has come to re-consider the position regarding "Duty-free concessions" for people arriving in this country. In my opinion the situation has reached farce and is a constant source of trouble and public expense by H.M. Customs.

These concessions were originally introduced in the days of the sailing ships. It was felt by the tolerant and considerate authority at that time, that it was not unreasonable for a bona-fide traveller to have in his possession at the time of his arrival in a UK port, certain goods for his personal use. With the uncertainty of travel, at the mercy of the winds, he could hardly be expected to arrive puffing his last cigar, or downing the last dregs of the spirit he had carried to fortify him on his journey.

Thus concessions were made to him—he could have ½ lb of tobacco goods, ¼ pint of spirits, a bottle of wine, and a little perfumed water, and the customs officer was always prepared to turn a blind eye if one or the other happened to be a little in excess.

Today it is possible to traverse the earth in a matter of hours, and obtain supplies of all these items in any quarter of the globe. Surely these concessions are very much out-dated, and are of any real advantage only to the airlines and cross-channel boats who make considerable profits from their sale.

I do not for one minute suggest that the sale of duty free goods be eliminated altogether, certainly mariners should continue to enjoy it outside the coastal limits, and so should the passengers on sea and air—while they are on their journey.

Incidentally, I do travel, and smoke, and drink, but this stupid rush to save a couple of quid, only to find you have been "done," should be brought to an end.

H. J. Bunce.
11 Marine Park, West Kirby,
Wirral, Merseyside.

The value of a suit

From the Research Director,
The Institute for Fiscal Studies

Sir,—It is true that the value of a £100 suit to someone who pays tax at 98 per cent is £5,000, in the sense that he would need to earn £5,000 in order to be able to buy the suit. But it is not the case that fiscal equity implies that the suit which his employer gives him should therefore be valued at £5,000 as your editorial (August 20) suggests. The reason is that tax also has to be paid out of after-tax income; and therefore the cost to someone of paying £50 in tax is also £5,000. The grossing up of tax liabilities offsets the grossing up of benefits. The appropriate value of the suit is simply £50.

Consider your example of someone who pays tax at £50 per cent and receives a benefit of £1,000. Suppose his employer wishes to pay him £10,000 after tax. This costs him £20,000 before tax. If the employer offers £18,000 and the £1,000 fringe benefit, and the benefit is untaxed, the employee will receive £9,000 in cash, £1,000 in benefit, and he will be just as well off while the employer saves himself £1,000. But if the benefit results in £1,000 being added to taxable income, the employer will need to pay him £19,000. The tax due will be £10,000 50 per cent x (£19,000 + £1,000), leaving the employee with £9,000 cash and £1,000 benefit. The cost to the employer is £20,000—just what it would have been if he had paid the employee wholly in cash. The incentive to provide remuneration in the form of fringe benefits has disappeared. The value of fringe benefits is never more than what it would cost the taxpayer to buy them for himself.

J. A. Kay.
The Institute for Fiscal Studies,
1-2, Castle Lane, SW1.

The company car

From the National Secretary,
United Commercial Travellers' Association Section, Association of Scientific Technical and Managerial Staffs

Sir,—I see from your columns that the Government is again taking up the question of the provision of employer provided cars on the basis that they are a fringe benefit for employees.

Let us say quite clearly that for a sales force the company car is simply the tool used by the commercial representative to earn his own livelihood and profit for his employer. After driving up to 25,000 miles per year, and sometimes even more than that, on company business, representatives are glad to put the car in the garage for the weekend. The British Institute of Management in a recent survey stated that cars are essential to a sales force.

The Government's further thoughts on this matter should therefore be directed to the higher paid and non essential user.

Roy Tomlinson.
ASTMS.
Benton Lane.
Knutsford, Cheshire.

Catering pay

From the National Industrial Officer, Hotel and Catering General and Municipal Workers' Union

Sir,—There are a number of points contained in Mr. Denis Hearn's letter (August 14) which need answering before they add to the encrustation of myth that surrounds the hotel and catering industry.

Nick Garnett's article (August 8) dealt predominantly with the 700,000 workers who are employed in the profitable sector of catering. His article only underlined what is now accepted as true by the majority of the industry, i.e., that pay and conditions are still very bad in this industry.

Denis Hearn spoke about the benefit that the live-in worker receives. On the employers' own figures, barely one-tenth of all hotel workers live-in but, because of this so-called perk, the whole of the workforce endures low wages.

The figure of £10.40, however, needs closer examination. This sum is split into two components: food (which legally, if not in practice, means four meals a day) and accommodation. Food is set at £4.80, and accommodation, which is often of dubious standard, is about £5.60. The latest estimate of average cost of accommodation for a single person is £5.40. At that rate, the individual on the low wage prevalent in catering would be eligible for a rent allowance, which of course the live-in person is not. This leaves the vast majority of the workforce caught in the vice of low wages and higher than average transport costs (caused by the times they need to travel and the distance needed to travel to the centre).

Denis Hearn spoke about the lack of unionisation in the industry equating this with a happy and contented workforce. This illusion is difficult to sustain in the face of an average 83 per cent turnover of labour (his own company admitted in 1977 that it had an annual labour turnover of 48 per cent). This industry is also third in the league table of unfair dismissal applications. Evidence that we, as a union, gather, belies the image of a happy workforce; indeed the experiences of our members employed by his own company indicates a less than contented existence.

Lack of unionisation in this industry owes less to satisfaction and more to the obstacles that are put in its way: there is a real fear of victimisation; obstructions are put in the way of recruitment; workers are transferred away, etc. Even when recruitment is successful the membership is faced with refusals of recognition, meetings with the Arbitration, Conciliation and Advisory Service, failures to implement ACAS decisions and so on. Despite these obstructive tactics, this union's membership has increased by 200 per cent in the last three years. This has led to better wages, terms and conditions for the workforce concerned as well as a drop in labour turnover.

I should comment on Mr. Hearn's fundamental misunderstanding about the relationship of average earnings to base pay. Neither this nor any other union has sought to improve base pay up to a level with average earnings. Rather, we have sought a two-thirds relationship with average earnings. This we justify because low paid workers, particularly those in hotel and catering, have little or no access to all the other kinds of payments that go into the make-up of average earnings. For these workers, it is the base rate only which determines their standard of living.

Finally, I should like to congratulate Nick Garnett on a fair and balanced article which set out the issues clearly.

Fred Cooper, GMWU.
Thorne House, Ruxley Ridge,
Claygate, Esher, Surrey

Gentlemen—off with the corset

From Mr. P. Bell

Sir,—I implore you to lend the full influence of your distinguished journal to secure the replacement of the word "corset," in articles on banking, by some other term less likely to tempt financial journalists into hideously mixed metaphors and grotesque imagery. Examples from my collection to date are:— suspended and reactivated corsets, hard up against the corset, and nudging the corset ceiling.

Clearing bank chairmen have been variously described as side-stepping, approaching, below, above, barely outside and reined in by their corsets. These eminent and hitherto conventionally dressed gentlemen, and your readers, have suffered enough.

P. B. Bell.
11, Queen Victoria Street, EC4.

Today's Events

GENERAL

UK: Trades Union Congress general council meeting, Congress House, London.

Labour Party national executive council meeting, Transport House, London.

Secretary of the Year announced, Great Eastern Hotel, Liverpool Street.

Overseas: UN Law of the Sea Conference, meeting in New York, statement on new U.S. policy of disregarding any territorial waters wider than three miles.

One-day strike called by French railway workers.

COMPANY RESULTS

Final dividends: S. Hoffnung and Co. Suter Electrical. Victor Products (Wallsend). Interim dividends: Richard Clay and Co. Investment Trust of Guernsey. Johnson Group Cleaners. Interim figures: BOC International (third quarter). London Brick Company.

COMPANY MEETINGS

Arlington Motor, Chartered Accountants' Hall, Moorgate Place, EC, 12. Burtonwood Brewery (Forshaws), The Brewery, Burtonwood, near Warrington, Cheshire, 11. Fodens, Recreation Club, Elworth Works, Cheshire, 3.

LUNCHTIME MUSIC, London

Metropolitan Police Band concert, Finsbury Circus Garden, noon to 2 pm.

Travelling Voice Pop Band, St. Martin-within-Ludgate, 12.15 pm.

Works by Schubert, Chausson and Ernst, played by Brian Underwood (violin) and Valerie Pardon (piano), St. Lawrence Jewry next Guildhall, 1 pm.

Organ recital by Malcolm Davey, St. Bride, Fleet Street, 1.15 pm.

Ocean Transport better than expected at £6.7m

INCLUDING A £586,000 profit on disposal of ships against a £2.02m loss last time, taxable profits of Ocean Transport and Trading rose from £2.35m to £6.65m for the first half of 1979.

But, while results are better than expected the directors say that prospects for the year as a whole are still of only modest improvement—profit for 1978 slumped from £37.5m to £10.14m.

In May the directors said that first-half profits were likely to be poor, largely because of the road hauliers' strike and a pause of imports into Nigeria.

The net interim dividend is 4.2914p (3.9847p) per 25p share, and includes 0.1967p addition from ACT reduction—last year's final payment was 4.3929p.

The directors warn that the distribution level cannot be continued unless their expectations for recovery in pre-tax earnings improve.

	Half-year 1979 £000	1978 £000
Turnover	260,630	243,382
Depreciation	10,256	10,828
Trading profit	5,598	2,638
Inv. income, interest	2,126	3,166
Interest payable	9,277	8,091
Profit on ships	586	*2,018
Associates' share	7,618	6,650
Pre-tax profit	6,647	2,345
Tax	4,330	4,757
Net profit	2,317	*2,412
Exchange gain	2,452	*4,288
Minorities' profit	1,159	*1,022
Extraordinary debit	95	†50
Attributable profit	5,833	*7,672

* Loss. † Credit.

The directors state that for the third half year in succession results have been unsatisfactory particularly in the group's Liner trades.

UK land-based activities are progressing well they say, but the impact of the oil price increase on levels of world trade will add further to the Liner trades problems.

See Lex

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Richard Clay, Investment Trust of Guernsey, Johnson Group Cleaners, London Brick.

Finals:—British Assets Trust, Calcutta Electric Supply, Challenge Corporation, S. Hoffnung, Suter Electrical, Victor Products (Wallsend).

FUTURE DATES

Interims:—

Beatson Clark ... Sep. 10
Hestair ... Sep. 20
Kleinwort, Benson, Lonsdale ... Sep. 25
London United Investments ... Sep. 5

Finals:—

Bentima ... Aug. 29
Elder Smith Goldsbrough Mort Sep. 18
Fitzwilton ... Aug. 23
Parker Timber ... Aug. 31

Apex Props. expands to £0.53m

PROFITS before tax of Apex Properties rose from £405,703 to a record £528,086 in the year to March 31, 1979, on higher turnover of £990,121, compared with £883,934.

At the halfway stage, the surplus was ahead to £253,176 (£188,839).

After tax for the year of £275,055 (£206,732), net profit came through at £253,031 against £198,971. Stated earnings per 10p share are up from 1.85p to 2.35p. The net total dividend is effectively raised to 1.6p (1.3p), with a 1.1p final.

There is an extraordinary credit, after tax, of £392,667 this time, which includes a £343,062 surplus on sale of long leasehold properties.

Mitchell Somers hopeful

While there is no sign of an upturn in the heavy forging and machining business of Mitchell Somers, prospects elsewhere are reasonable and Mr. L. J. Thomas, chairman, is hopeful that last year's level of performance will be maintained.

For the year ended March 31, 1979, profits before tax amounted to £2.51m against £2.73m previously on sales of £26.13m (£23.42m).

The chairman says the year was one of consolidation and is pleased with the progress, not yet fully reflected in profits, made by Wolverhampton Die Casting in the face of difficult trading conditions.

The aluminium pressure die casting activities should represent continuous and profitable growth, the chairman adds.

Capital expenditure on fixed assets amounted to £2.4m. Of this, £1m was spent on improving the crankshaft machining facilities of Mitchell, Shackleton and Co., and Clarke's Crank and Forge Company, even though worldwide demand for this capacity is not expected to improve immediately.

Jonhson and Firth Brown holds 20 per cent of the group's ordinary share capital and Throgmorton Trust 8.6 per cent.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
American Trust ... int.	0.6	Oct. 4	0.55	—	1.55
Apex Properties	1.1	Oct. 17	0.9*	1.6	1.3*
Braime ... int.	1.5	—	1	—	3.72
Cap. & Natl. Tst.	4	Nov. 23	3.1	5.75	4.6
Cap. & Natl. Tst. ... int.	1.75	Apr. 7	1.75	—	5.75
De Beers Cons. ... int.	20§	Oct. 26	20	—	65
De Beers Indl. ... int.	45§	Oct. 26	37.5	—	82.5
Dufay Bitumastic int.†	1.2	Oct. 15	0.59	—	2.34
Jos Holdings	1.83	Oct. 30	1.58	2.7	2.36
Lambert Howarth ... int.	1.15	Oct. 1	1	—	3.5
Meat Trade	4.38	—	4.02	7.73	7.32
Myson ... int.	1.5	Oct. 26	1.25	—	2.75
Ocean Transport ... int.‡	4.29	Nov. 1	3.98	—	8.38
Nolton	1.93	—	1.73	2.2	2
Restmore	2.73	Oct. 12	1.52*	3	1.79

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Includes 0.1967p from ACT reduction. § South African cents throughout.

Tax absorbs Myson growth at half time

FURTHER recovery from the profits slump seen in 1977 was produced by Myson Group in the first half of 1979. Pre-tax profit for the heating, ventilating and air-conditioning concern, advanced from £729,420 to £1.13m for the six months, on sales £4.7m ahead at £28.55m.

With the tax charge sharply up from £100,000 to £500,000, however, performance at the net level was unchanged at £627,324 (£629,420). For the whole of 1978 profit was £1.61m.

The encouraging trend in sales is continuing into the second half and the order position continues to be buoyant, the directors report. Their optimism for the remainder of the year is tempered only by the possible effects of the continuance of the current national engineering workers' dispute.

The net interim dividend is stepped up to 1.5p (1.25p)—the final last time was 1.5p.

● comment

Myson still faces one or two uncertainties—not least the outcome of the engineers' strike and an overall downturn in the oil-fired domestic heating market—but the group is beginning to vindicate a recent share price rise to the top of the year's trading range. First half profits are 55 per cent ahead pre-tax so the 1973 annual peak of £3m is plainly in sight and should be beaten with something to spare. New products are boosting market shares, the Soledac subsidiary is now recovering from a five week first half shut down in Lorraine and the Cardiff operation, formerly Penrad, is expected to move into profit during the July-December period as the second line comes on stream. Gearing is forecast to fall by the balance sheet date and capital spending may be halved to around £1m this year. All of which supposes that the dividend will be restored fully in some comfort where the minimum prospective yield would be 6.7 per cent at 88p, down 1p yesterday. Fully taxed earnings should reach at least 12p per share which indicates a safe maximum p/e of 7.2.

Rothmans strongly placed and highly confident

NOW IN a strong position, with strong market shares, sales and a vigorous cash flow, Rothmans International faces the coming year highly confident, says Sir David Nicolson, the chairman.

However he points out that on top of a possible strengthening of sterling, reduced world economic activity and consumer spending, an dhigher manufacturing cost in the months ahead, the tobacco industry is becoming increasingly competitive.

The modest increase in total dividend, from 2.0566p to 2.45p net, reported with results on July 13, should not be interpreted to represent an unduly conservative long-term policy. Instead it reflects the Board's concern with the many uncertainties in the immediate outlook, the chairman explains.

Last year the group's overall volume of cigarette sales was higher. In the UK it achieved significant volume growth and enlarged its share of a market where total volume was little changed. There was also a further shift in demand towards king-size brands and by year-end these accounted for 60 per cent (50 per cent) of the market.

Sales of "roll-your-own," on the other hand, subsided from the previous years' higher volumes.

"Much of our success during this past year has been achieved in spite of a growing volume of anti-smoking publicity, some of it ill-informed. I would like to restate that it is not our policy either through advertising or by any other means to encourage people to smoke more cigarettes," Sir David comments.

Group pre-tax profit for the year to March 31, 1979, climbed to £98.16m (£80.61m). Operating profit rose from £93.6m to £115.7m and the contribution from tobacco was up at £97.6m (£84.4m) but, as a proportion of the total, was down from 90 per cent to 85 per cent. This followed the introduction of brewing and energy interests with the acquisition of a controlling interest in Rothmans of Pall Mall Canada.

On a current cost basis in line with ED24 profit showed a rise to £87m (£71.9m) or, with gearing adjusted to allow for full dilution, from £80.7m to £96.1m. The extra costs of sales was £7.4m (£7.8m) and additional depreciation £16.7m (£12.5m) and gearing added £15.6m (£14.2m) basic or £10.2m (£8.6m) fully diluted.

Sales revenue, net of duty, excise and other sales taxes reached £933m (£690m) of which the export content was up from £168m to £209m.

At year end cash and short-term securities amounted to £88m (£112m), short-term borrowings £149m (£100m), and medium and long term loans up from £16m to £47m. Authorised capital spending amounted to £82 (£38m), of which £63m (£21m) had not been contracted.

Meeting, Dorchester Hotel, W, on September 19 at 12.30 pm.

More company news Page 20

Avana makes good start and continues high spending

PROFITS of Avana Group have continued to advance in the first months of the current year and results are well in line with the Board's expectations, Sir Julian Hodge, chairman, says in his annual statement.

He adds that he has no reason to doubt that the good start will be maintained and produce a further year of growth.

As reported on June 27, pre-tax profits of the group which supplies cakes to Marks and Spencer, reached £3.52m (£2.34m) in the year to March 31, 1979. The net total dividend is stepped up to 3.5p (1.979p).

The chairman says capital expenditure—which totalled £1.8m last year—will continue at a high level in the current year, and the group has three major projects in hand.

The first is a two-fold expansion at Ledbury where the welfare facilities are being upgraded and production capacity for De L'Ora juice in Tetrapak has been doubled.

The second development is at Rogerstone where a new production facility for Fleur de Lys pies is being established. The increased manufacturing capacity will give a base from which new markets in London may be tackled, the chairman says. By relieving production pressure on the Warwick factory, the group will be able to increase sales in the North of England.

The third project is at Cardiff where production facilities are being upgraded, additional production space created and baking capacity installed. New lines have been developed and will be introduced as soon as the capacity is available.

The chairman is confident that, provided raw material costs remain fairly stable, the capital investment programme of the past five years will contribute increasingly to profits. The projects now on hand, he adds, will lay the foundations to a second phase of growth in the 1980s.

The directors intend to maximise the group's organic growth and seek ways of extending the business through acquisition, which, the chairman says, will not be frustrated by a shortage of funds.

He says that a profit sharing scheme has been submitted to the Inland Revenue for approval. Over the past five years, he adds, the group's shareholders have fallen by 2,000 and the introduction of the scheme should help restore the balance of the share register to that of a majority of individual members.

On July 21, Northern Foods held 9.13 per cent of the capital.

Meeting, Cardiff, September 14 at 3 pm.

Dufay Bitumastic picks up to give £208,000 at half way

PRE-TAX profits of Dufay Bitumastic, surface coatings manufacturer, fell from £375,000 to £208,000 for the half year ended June 30, 1979, on turnover ahead from £4.94m to £5.32m.

In April the directors said that first half results would reflect problems which had to be contended with in the early part of the year.

Due to the lorry drivers' strike and adverse weather conditions a loss was incurred in the first quarter, but with activity and profitability at a record level in the second quarter, the setback in the first three months was made good.

The directors state that the level of activity is continuing and indications are that the result for the full year should be satisfactory.

Profits for the whole of 1978 recovered from £585,000 to £863,000—a peak of £1.1m was achieved in 1974.

Pre-tax figures for the six months was struck after depreciation £118,000 (£84,000) and interest £80,000 (£62,000) and was subject to tax, SSAP adjusted, of £43,000 against £144,000.

Earnings are shown down from 2.08p to 1.49p per 10p share and the interim dividend is increased to 1.2p (0.587p), as forecast. The directors intend to pay a 1.48p (1.757p) final for the year.

The attributable balance came through at £165,000 compared with £231,000.

Sales of subsidiary, Dufay Titanine were slightly down from 3m to £2.96m for the period and profits slipped from £213,000 to £166,000. Tax took £27,000 (£78,000) and the amount retained was £139,000 (£140,000)

● comment

Dufay's 44 per cent profits downturn in the first half reflects a disastrous first quarter's trading for reasons outside the company's control. The lorry driver's strike was particularly painful as it held up a valuable pipe enamel order to India. Also, industrial disruption hit bitumastic sales to the automotive industry and the adverse winter weather held up resurfacing activities in the paints division. This was followed by an encouraging rally in the second quarter but in spite of this trend showing every sign of holding up (current sales are nearly a third higher than in the previous comparable period), Dufay does not have a sufficient head of steam to make a recovery in the current year. The big worry is on margins if the price of raw materials, all based on petrochemicals, continues to escalate. The prospective yield, a solid 10.4 per cent based on the forecast payout of 2.68p net, is clearly giving some support to the share price, which edged up 1p to 38p yesterday.

American Tst. rises to £1.3m

TAXABLE REVENUE of American Trust Company rose from £1.2m to £1.34m in the half-year to July 31, 1979. Tax takes £568,000 (£519,000).

The net interim dividend per 25p share is 0.6p (0.55p). Last year's total was 1.55p on pre-tax revenue of £2.43m, against £1.96m.

Net asset value per share after deduction of prior charges at liquidation values is 59.2p (61.8p).

SAML. WILKES

Mr. Peter Padmore and Mr. Brian Larkins, partners of the accountancy firm Price Waterhouse, have been appointed receivers of Samuel Wilkes and Sons.

Based in Bloxwich, West Midlands, Wilkes is a manufacturer of lock assemblies and presswork for the motor and luggage industries and employs 250 people.

Magnet and Southerns £3m factory plan

Magnet and Southerns has obtained planning permission and intends to build a new factory at Penrith for the manufacture for flush doors using the latest technology.

This will be an investment of about £3m, Mr. S. Oxford, chairman, says in his annual statement. And if all goes well the factory should be in production in the spring of 1980.

He expects capital expenditure in the current year to exceed last year's £4.9m because of the proposed new factory.

As reported on July 18, taxable profits reached a record £19.66m (£14.25m) in the year to March 31, 1979. The net total dividend is effectively raised 44.5 per cent to 8.605555p.

The chairman said then that the outlook for the current year was excellent and present performance indicated that first-half profits will exceed those of last year.

Meeitng, Manchester, September 20 at noon.

LEP GROUP (international freight forwarder)—Results for 1978 reported July 26. Group fixed assets £16.92m (£14.1m). Net current assets £14.73m (£13.73m). Net liquid funds decreased £4.18m (£2.46). Chairman says underlying trend seems quite healthy. Meeting, Winchester House, EC, September 6 at 2.30 pm.

Restmor rises to £1.2m and lifts dividend to 3p

RECORD PROFITS are reported by the Restmor Group, the baby carriages and nursery furniture company, for the year to April 30, 1979. And the group is lifting the total dividend from an adjusted 1.795p net to 3p with a final of 2.72p.

After being ahead from £448,433 to £564,904 at midway the group raised the year-end taxable surplus from £945,927 to £1.21m on turnover up from £7.38m to £9.28m.

There is a tax credit this time of £22,658 (£427,573 charge) which includes a £270,298 deferred tax provision which is no longer required. Stated earnings per 25p share have jumped from 10.05p to 23.96p on net profits of £1.24m, against £518,354.

Retained earnings are well up at £1.08m (£422,098) after the cost of dividends £154,764 (£92,766) and a transfer to debenture redemption revenue of £3,490 (same).

● comment

Pre-tax profits at Restmor are directly related to the British birth rate (and particularly to the incidence of first-births) since the main products are prams and nursery furniture. The UK first born birth rate is up by 10-15 per cent this year and Restmor's turnover increased by more than a quarter, with pre-tax earnings 28.3 per cent higher. Although inflation contributed to the rise, increased demand has boosted the group's performance. The group sells about 50 per cent of its output to Mothercare, which has provided a steadily rising market. The baby carriage industry has also been subjected to a cool breeze of rationalisation; Restmor has won market share as competitors leave the industry. The order book is full over the net year and the group's main problem seems to lie in meeting demand. The 1979 dividend has been lifted by more than a half, is covered over seven times, and yields 5.3 per cent on a share price of 84p, up by 3p. The stated p/e stands at 3.4. The group's record over the last year makes this a dependable share to hold.

Cadbury to sell £3m estate

MR. PETER CADBURY, chairman of Westward Television, is to sell his 1,000-acre estate at Preston Candover Hants, through agents Knight Frank and Rutley. The asking price is about £3m.

£1.9m garage

EXPENDITURE of £1.9m on a new bus garage at Uxbridge has been approved by GLC's Transport committee. The garage will form part of a major development with commercially financed offices and car parking.

Trade talks

MR. JOHN NOTT, Secretary of State for Trade, will visit Australia, New Zealand, Fiji and the West Coast of the U.S. next month for talks on trade and economic matters.

Crown House aims at improving margins in major activities

MUCH EFFORT will be devoted to improving margins in the contracting and electrical wholesaling divisions, says Mr Patrick Edge-Partington, chairman of Crown House, in his annual report. Threequarters of group turnover comes from these activities and a small improvement in margins would significantly effect results.

Changes in top management on the contracting side have recently been made and trading policies are being reviewed, he adds. Middle East contracting operations should contribute significantly to this year's profits and show improved margins.

Last year the group lifted taxable profits from £3.23m to a record £4.05m on sales ahead from £93.9m to £107.6m. But the chairman says there were two unsatisfactory features to the results for the year to March 31, 1979. An engineering contract at the submarine base at H.M. Dockyard Devonport, which went seriously wrong, required a £600,000 provision, and reduced contracting profits to an unacceptable low figure.

Second, margins again slipped in the electrical wholesaling. These problems are being tackled energetically, says Mr. Edge-Partington.

He adds that in electrical wholesaling, the group has a larger share of the market, covers most of the main industrial areas in England and Wales, and has greater management resource available.

In glassware, the expansion of coverage in the retail field will be continued by the opening of further shops within shops. The new central warehouse at Flitwick will be completed, providing greater efficiency in 1980-81.

The running out of commitments in property development will continue. One property has been completed and sold this year, and another will be completed next year. Two further sites are the subject of planning applications.

The expansion of business in employment services will be pursued.

In Gibraltar, business is expanding generally and a further improvement at the Holiday Inn is expected this year.

The balance sheet show net current assets of £8.64m (£9.09m) —bank overdrafts are up from £242,069 to £1.06m, debtors £28.2m (£23.6m) and creditors £22.3m (£19.7m).

Ordinary shareholders' funds are up from £8.5m to £10.6m. There is an increase in working capital of £12,000 (£954,000).

A current cost statement shows taxable profits of £3.16m, against £2.28m.

Meeting, Connaught Rooms, Great Queen Street, WC, on September 13 at 11 am.

£0.1m profit rise for Nolton

TAXABLE profits of Nolton advanced from £221,000 to £323,000 in the year to April 30, 1979, on increased turnover of £4.4m, against £3.55m.

At midway, the surplus of the investment holding company was higher at £93,086 (£88,370).

After tax for the year of £88,868 (£22,807) earnings per 25p share are shown to have risen 54 per cent from 4.62p to 7.13p. The net total dividend is lifted 10 per cent to 2.2p (2p), with a 1.93p final.

The directors say the property division's contribution to group profits was down as a result of the bad winter and a lower return from the sales of the company's ground rents in and around Cardiff.

	1978/79 £	1977/78 £
Turnover	4,403,857	3,548,984
Trading profit	541,361	379,208
Interest	218,338	158,304
Profit before tax	323,023	220,904
Tax	88,868	22,807
Net profit	234,155	198,097
Minorities	2	2
Extraordinary debit	—	†17,791
To Cap. reserve	20,650	59,503
Available	213,503	120,800
Dividends	65,890	[illegible]
To Rev. reserves	147,613	60,900

† Cost of closing subsidiaries.

The first stage of the Headley Down development has now been released for sale, satisfactory interest is being shown and the division is expected to give a good account of itself in the future, the directors add. It is pursuing an active policy of finding new developments.

On the industrial side, Nolton Communications closed its year with a more than doubled order book, while Carr and Day and Martin had a year of steady profit growth. Considerable effort continues to be made in export markets, particularly in the EEC and North America.

In the financial services division, Nolton Money Brokers and Parkville Finance had successful years.

Office Appointments, in the services division, traded profitably and a number of new branches were successfully integrated.

RESULTS AND ACCOUNTS IN BRIEF

SCOTTISH INVESTMENT TRUST—Special dividend 0.438p in respect of dividend backlog declared by Shell, Unilever and BP; pay October 2. Gross investment income for nine months ended July 31, 1979: franked £2,495,000 (£2,355,000), unfranked £1,856,000 (£1,593,000). Net asset value per share 125p (128.1p at October 31, 1978). At July 31 a line of credit equal to U.S.$ 16m had been drawn compared with $4.2m at October 31, 1978.

G. F. LOVELL AND CO.—Interim 3p (2p). Turnover half-year to April 28, 1979, £2,204,000 (£2,084,000). Profit £60,000 (£57,000) after tax of £64,000 (£61,000). Stated earnings per 25p share 6.068p (5.771p).

SURMAH VALLEY TEA COMPANY—Pre-tax profit for 1978 £159,531 (£409,177). Tax £69,294 (£217,865). Earnings per share 19.84p (51.15p). Dividend 3.5p, subject to the receipt of funds from Bangladesh.

EWART NEW NORTHERN—Dividend 1.5p (1p) year to April 30, 1979. Net profit £13,396 (£3,580), after tax of £4,441 (£3,293). Earnings per share 1.83p (0.5p).

KINTA KELLAS RUBBER ESTATES—Results for year to March 31, 1979, reported July 23. Group fixed assets £1.62m (£1.56m). Net current assets £160,585 (£156,326). Chairman says for three months to end-June 1979, crop harvested was £636,849 kg. (663,612 kg.). With prospect of continued good prices for rubber, trading outlook seems promising. Meeting, 1 Great Tower Street, EC, September 6, noon.

HOGG ROBINSON GROUP (insurance brokers, equipment leasing, travel and shipping agent)—Results for year to March 31, 1979, reported July 18. Brentnall Beard purchase reported August 3. Fixed assets, £14.3m (£10.84m). Net current assets, £4.68m (£6.03m). Meeting, Baltic Exchange, E.C., September 21 at 12.15 pm.

LRC INTERNATIONAL—Results for year ended March 31, 1979, already reported. Fixed assets, £32.41m (£23.45m). Net current assets, £21.37m (£24.84m). Increase in net bank borrowings, £1.31m (£1.4m decrease). Meeting, Howard Hotel, W.C., September 11 at noon.

PENNINE COMMERCIAL HOLDINGS—Results for year to January 31, 1979, already reported. Fixed assets, £219,032 (£240,645). Net current liabilities, £35,665 (£230,189). Chairman says it is proposed to increase capital by creation of 10m shares of 10p. This will enable company to take advantage of opportunities to acquire companies or assets complementary to activities and several acquisitions are being investigated. He expects group to continue trading profitably in current year. Meeting, Manchester, September 6 at noon.

ASSOCIATED LEISURE—Results for 53 weeks ended March 18, 1979, reported July 17 in preliminary statement. Group fixed assets £17.48m (£12.56m). Net current assets £111,000 (£863,000). Net liquid funds decreased by £154,000 (£1.25m). CCA-based profit £4.05m (£2.91m). Trading in all parts of group has been encouraging and outcome for 1979-80 expected to be good. Meeting, The Dorchester, Park Lane, W, September 11, at noon.

D. F. BEVAN (non-ferrous metal trading, etc.) — Results for March 31, 1979 year already known. Group fixed assets £1.15m (£989,000). Net current assets £1.16m (£789,000). Accounts show £10,000 ex-gratia payment to former director. Chairman says current year has started soundly. Meeting, Birmingham, September 14 at 12.15 pm.

FIRST SCOTTISH AMERICAN TRUST—Interim dividend 1.2p (1p). Revenue for half-year to August 1, 1979, after all charges including tax £544,098 (£467,566). Tax £270,150 (£255,761). Net asset value 117.1p (135.8p).

LAZARD BROTHERS STERLING RESERVE FUND—Deposit and other interest received period December 27, 1978 to June 25, 1979 £426,068 (£179,453 for period December 29 1977 to June 26 1978). Net revenue £63,012 (£44,501)—1.20p per share (1.70p). Participating shareholders' funds of £74.4 are equal to £12.502 per share (£11.407).

KRAFT PRODUCTIONS—Turnover for six months to June 30, 1979, £772,000 (£786,000). Profit after all charges including tax £643 (£7,269). Tax nil (£9,000). Earnings per share 0.08p (0.72p). No interim (0.335p). Board say they are not declaring an interim due to the poor trading results.

SCOTTISH ROAD SERVICES—Revenue for 24 weeks to June 16, 1979, £7.67m (£7.11m). Trading profit £192,000 (£202,000). Net profit £247,000 (£164,000).

INCH KENNETH KAJANG RUBBER—Profit for 1978 £92,039 before tax of £23,304. Profit from sale of land and investments £22,618.

SURMAH VALLEY TEA CO—Additional dividend 0.10448p to be paid with the dividend for 1979 of 3.5p. The additional dividend is the result of the dividend paid in February 1979, costing £78,805, whereas the dividend declared at the annual meeting in November 1978 was for £80,000.

JOS HOLDINGS—Final dividend 1.825p making 2.7p year ended July 31 1979 (2.375p). Gross investment income £203,272 (£193,038). Revenue £199,958 (£178,779) before tax £65,984 (£60,169). Earnings per share 2.72p (2.41p). Valuation of investments £3.18m (£3.25m). Asset value per share 67.5p (64.7p). Includes investment dollar premium where applicable (£171,935).

DENBYWARE (tableware)—Results for March 31, 1979, year already known. Group fixed assets £2.62m (£2.69m). Net current assets £1.65m (£1.85m). Meeting, Nottingham, September 12, 2.30 pm.

BIDS AND DEALS

Sanderson Kayser sees £0.83m

Sanderson Kayser made an estimated £472,000 pre-tax profit in the six months to June 30, 1979, and the directors forecast full year profits not very different from the £839,000 made in 1978.

The estimate and the forecast are made in the formal agreed offer by GEI International for Sanderson Kayser.

Mr. N. Hanlon, chairman of Sanderson, recommending the offer, tells shareholders the capital gain is 62 per cent on the share price before the offer and GEI's shares are more marketable. Although the income gain is only 10 per cent, the dividends of GEI are more likely to rise than those of Sanderson, he maintains.

NORWICH ENTERPRISES

Negotiations for Mr. Eric Morley and Mr. Laurie Marsh to buy Norwich Enterprises, the holding company of the Victoria Sporting Club, are continuing and contracts might be exchanged a week today, Mr. Marsh said yesterday.

The proposed deal first emerged a week ago when exchange of contracts within a few days was forecast. Mr. Marsh said yesterday that the holidays of certain people were causing the delay and, apart from this, "everything is moving comfortably in the right direction." He said there were no outstanding points to be agreed.

SILHOUETTE

The Board of W. L. Pawson announces that following the offers made on its behalf acceptances have been received in respect of 1,942,684 Silhouette (London) ordinary shares (97.13 per cent of those in issue) and 1,105,695 Silhouette "A" ordinary shares (93.84 per cent), which carry in aggregate the right to 96.79 per cent of the votes exercisable at a general meeting of Silhouette.

The offers remain open for acceptance until September 5, 1979.

THOMAS TILLING

Newe and Eyre Group, a subsidiary of Thomas Tilling, has bought A. M. Lock and Co. from the Foseco Minsep Group for £410,000 cash. Inter-company loans to Lock of some £600,000 have been repaid.

Lock distributes electronic components and makes electronic instruments.

ELLIS AND McHARDY

Acceptances of the offer by Mackan Group for Ellis and McHardy have been received for 97 per cent of the shares. The offer is unconditional and remains open. The balance will be acquired compulsorily.

SHARE STAKES

Cope Sportswear: Mrs. S. T. Cope has disposed of 117,500 shares and now holds 1,886,000 (10 per cent). Mr. S. Cope has disposed of 215,666 shares and now holds 1,808,616 shares (14.68 per cent). Mr. G. Cope has disposed of 8,000 shares and now holds 3,851,772 shares (31.27 per cent).

R. F. D. Group: J. F. Higham director, has disposed of 25,404 shares.

Braham Millar Group: Costain Group acquired 100,000 shares on August 14 bringing its holding to 930,000 (7.4 per cent).

Lindustries: Hanson Trust has purchased further 115,000 ordinary shares at 135p, bringing holding to 2,878,174 shares (15.9 per cent).

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Monk explains profit miss

The Board of A. Monk, the civil engineer and contractor, came under heavy questioning from shareholders yesterday during a one and a half hour annual meeting.

The Stock Exchange had earlier applied discreet pressure on the Board to explain to shareholders why the company failed to meet the profit forecast of *£4.43m made in July last year,* when Davy International bought the near-30 per cent stake previously owned by St. Piran.

No mention of that forecast was made in the chairman's statement in the latest annual report and accounts. Mr. W. S. Whittingham, the chairman, merely referred to the interim forecast of £3m made in December which was, in the event, topped by £900,000.

Under Stock Exchange rules shareholders must be given a full explanation when profit forecasts are missed. In response to pressure from the Exchange to make good the ommission from the report, Mr. Whittingham made a formal statement to shareholders yyesterday.

In it he said that the reduction in profits arose from the erosion of margins as inflationary costs outstripped escalation clauses in contracts. He also added that there had been delays in the settlement of contracts completed in prior years. These factors had led to the revision of the forecast at the interim stage.

Shareholders also questioned Mr. Whittingham about the level of exceptional and extraordinary items which had grown from £700,000 to £3.8m over the past three years.

Under Stock Exchange regulations a company can be asked to send out a second and fuller explanation of a missed forecast if the first explanation is unsatisfactory. If that in turn fails to reveal exceptional factors the Board may be invited by the Exchange to propose methods for avoiding any repetition of the inaccuracy in forecasting.

Meat Trade turns in £324,000

DESPITE INCREASED second-half profits, Meat Trade Suppliers finished the year to March 31, 1979, with the taxable surplus slightly lower at £324,106, compared with £362,328.

At midway, profits were down from £185,275 to £134,752. The directors said then that although the interim surplus was disappointing it appeared that an improvement could be expected in the second half.

Full-year turnover of the manufacturer and supplier of sausage casings and butchers' equipment was £9.12m, against £9.47m. Tax took £152,196 (£159,250).

Earnings per 25p share are shown lower at 6.6p, against 7.7p. The net final dividend of 4.375p lifts the total from 7.32p to 7.725p.

H. J. BALDWIN

The directors of H. J. Baldwin have declared a 2.45p dividend on the preference shares for the half year to September 30, 1979, *plus a further payment of three* years' arrears.

● RIT—RELIANCE LINK

Entrepreneurs bridge the Atlantic

BY JAMES BARTHOLOMEW

Reliance Group and Rothschild Investment Trust will create a unique relationship in the transatlantic investment business through the mutually agreed deal announced late on Monday.

Reliance, a fast growing and once controversial U.S. insurance group, is to buy 20.1 per cent of the fully diluted capital of RIT for £16.2m.

The idea is that the two companies will co-operate on investment ideas and contacts. They hope it will work because both of them are out of the normal run of their respective types of institution—although they both cling to the Establishment more or less successfully, they are too enterpreneurial to be able to avoid ruffling a few feathers on the way.

Reliance is the creation of Mr. Saul Steinberg, the whiz-kid who made Leasco Data Processing, as Reliance was then known, into one of the glamour stocks of the sixties. A millionaire by his 30th birthday in 1969 he once harboured ambitions to buy up Chemical Bank. But the old *established institutions in Wall* Street and the banking fraternity combined to stop him taking over one of their number.

In the seventies his company continued its dramatic progress. Reliance now includes property and casualty insurance, life and health insurance, container leasing and a variety of management services. It made $103m (£46.5m) after tax in 1978 and has *shareholders' funds* of over $350m.

In England, Reliance (then Leasco) became well-known through its fight with Mr. Robert Maxwell for control of Pergamon Press. In those traumatic days Steinberg was advised by N. M. Rothschild and Sons, the investment advisers of RIT.

RIT has not had quite as exciting a background as Reliance but it has been about as adventurous as a British investment trust is allowed to be. Last year it was part of a consortium which bid for London Sumatra, an associate of Harrisons and Crosfield, a British company and one of the biggest plantation companies operating in the Far East. In the course of the bid battle RIT criticised the shareholding structure of the Harrisons group and made a few enemies in attacking a generally well respected, if conservative company.

Since then, time has healed most of the wounds and now few would deny that the RIT did well to stir up the plantation sector and make the British investment community realise *how undervalued it had become.* RIT made a lot of profit in the process and the last balance sheet showed that its plantation investments at £9.4m were worth more than three times their original value.

RIT typically takes quite large stakes in selected companies. At present its biggest investments are a 59.9 per cent stake in London and New York Investments, an *investment trust,* 22.8 per cent in Hume Holdings, another trust 10.9 per cent in London Sumatra, a plantation company, 20.4 per cent in the Lep Group, the international freight forwarders, and 10 per cent in Sotheby Parke Bernet, the auction house.

It also has a stake of about 10 to 15 per cent in Wedd Durlacher Mordaunt and Company, one of the leading jobbers on the London Stock Exchange.

RIT and Reliance are both excited by the new association but they have implicity recognised some of the dangers in the terms of the deal. The British Rothschild family would not like *a company with the Rothschild* name to be controlled by anyone other than the family itself. Steinberg has agreed that he will not take his stake above 20.1 per cent (equivalent to 23.9 per cent of the ordinary capital). Steinberg is going on the Board but insists that the independence of RIT is safe. Reliance and certain Rothschild *family* interests will combine to make a "voting pool." Both parties aim to keep the whole affair friendly but are taking some precautions just in case.

This is expected to go down well with the shareholders of RIT, just as is the technique for buying in the 5,401,709 shares required. The method is a partial bid in which all shareholders will be offered the same price of 300p per share scaled down pro-rata according to how *much* stock they offer.

This method contrasts with *that used by Continental* Corporation to buy a 20 per cent stake in Stenhouse Holdings, the insurance broker on Monday. Continental just bought in the market so that some sellers got significantly more than others.

Reliance and RIT recognise that the more adventurous one is, the harder one has to try to keep a good name.

Denbyware reasonably optimistic

The directors of Denbyware, tableware and ceramics group, look forward to the results of the current year with reasonable optimism, Mr. G. H. J. Robinson, chairman, tells shareholders in his annual review.

As reported on July 20 pre-tax profits for the year ended March 31, 1979 rose from £765,082 to £911,796, including a jump in associates from £8,606 to £67,965.

Earnings are 7.7p (7.6p) per share and the dividend is 6.1705p (5.4196p).

As at balance date fixed assets stood at £2.62m (£2.68m) and net current assets were down from £1.96m to £1.65m.

Working capital decreased by £157,743 against a £78,071 increase.

Directors' remuneration shows a £23,120 (nil) compensation for loss of office.

Meeting, Nottingham, on September 13 at 2.30 pm.

MINING NEWS

First-half profits are lower at De Beers

BY PAUL CHEESERIGHT

DE BEERS CONSOLIDATED MINES is maintaining its interim dividend at 20 cents despite a reduction in net profits during the 1979 first half as the international diamond market quietened after the upheavals of last year.

After-tax earnings during the six months to June were R340.1m (£183.8m) compared with R349.02m in the same period of 1978, the South African group announced yesterday. In the 1978 first half diamond sales from the Central Selling Organisation were subject to surcharges varying from 15 to 40 per cent.

The latest half has seen the diamond market absorb last summer's price increase of 30 per cent, imposed on basic prices after the removal of the surcharges imposed to subdue a market which had become prey to heavy speculation.

The diamond account shows a drop in revenue over the last six months to R439.1m from R469.15m in the comparable period of 1978.

The lower level of profits was foreshadowed by the CSO figures for the first half, which, at R1.08bn were just 2 per cent higher than in the 1978 first half and 6 per cent lower than the 1978 second half.

This meant that the initial impact of the figures on the market was soft, and the share price hardened 1p in after-hours trading to 373p. The price was probably helped by the maintenance of the interim dividend at 20 cents. Total payments in 1978 were 65 cents.

Since the beginning of 1979, De Beers with open control of 85 per cent of world rough diamond sales and a dominant position in international mine production, has been gradually consolidating after a year when, arguably, profits were inflated by market pressures forcing prices to abnormal levels.

Speculative hoarding in the main cutting centres has largely been flushed out and the demand for stones under one carat has slackened appreciably. Prices for larger stones have held up; not so much because they have been actively traded, but because merchants have preferred to hold *on to stocks and have refused to* negotiate prices.

De Beers considers the market is now back to normal and does not expect a return of the 1978 boom conditions. Mr. Harry Oppenheimer, the chairman, said last month that he expected a "satisfactory" year. This may be taken to mean that the group hopes profits will reach last year's levels, but may not exceed them.

In that case, the first half probably produced adequate earnings, as the market is widely expected to strengthen from next month onwards, possibly provoking a small price increase to compensate for the fall of the dollar.

The breadth of De Beers interests and the extent of its cash balances tend in any case to shield it from the vagaries of the diamond market. Higher interest rates helped to lift interest and dividend income to R148.8m during the first half from R116.7m in the first six months of 1978.

But the group is also the victim of higher costs. The rise in prospecting and research charges to R20.07m from R13.9m reflects not only an increase in activity, most probably in Namibia (South West Africa) and Australia, but also the escalation of charges.

Big titanium find in Brazil

MAJOR RESERVES *of* titanium and vanadium bearing ore have been discovered by Bahia state *mining technicians* in the Campo *Alegre de Lourdes area on the* border of Bahia and Piaui states in Brazil, reports **Diana Smith from Brasilia.**

The reserves are currently measured and inferred at 100m tonnes, but no grades have been disclosed. The discovery follows three years of exploration, and work continues to delineate the deposit.

The investigating technicians estimate that the eventual figure for inferred reserves could reach 500m tonnes. It had previously been estimated that Brazil could possess 1bn tonnes of titanium-bearing minerals.

Until now, Brazil has imported 70,800 tonnes of titanium a year and about 100,000 tonnes of alloys containing titanium. The new discovery could eventually turn Brazil into an exporter of vanadium, a mineral where the major force on the international market is South Africa.

*Outukumpu, the Finnish group, is reported to be greatly inter*ested in taking part in the development of the vanadium reserves, once they are considered for commercial production. Finland's production of vanadium pentoxide in 1977 was 3,300 tonnes.

Kansai ponders Ranger stake

KANSAI ELECTRIC POWER, one of the leading Japanese utilities, has been asked by the Australian Government to invest in the Ranger uranium project being developed in the Northern Territory by Peko-Wallsend and EZ Industries.

At the beginning of this month, the Australian Government decided to sell its 50 per cent stake in Ranger and it seeks firm proposals by the end of September.

The Australian request came through the Japanese Government, a Kansai spokesman said in Tokyo. But he added that similar requests may have been put to other power utilities and the Japanese Federation of Electric Power Companies.

Previously it had been reported from Tokyo that the Ministry of International Trade and Industry would be prepared to support a Japanese consortium if it was formed to participate in Ranger.

Kansai is not fully informed of the conditions and terms for capital participation, the spokesman said, and it would be some time before a decision would be made. But the proposal would be studied in a belief that a joint effort would lead to a stable supply of uranium.

Dome joins Amoco at Detour

DOME MINES, the Toronto group with extensive gold interests, and Campbell Red Lake Mines, its 57 per cent-owned subsidiary, have reached an agreement in principle with Amoco Canada Petroleum to develop a gold deposit near Detour Lake, 100 miles from a Dome gold mine in Ontario, writes **John Soganich from Toronto.**

Amoco has done considerable work on the deposit which is estimated to contain 10m tons of ore, grading slightly more than one-fifth of an ounce of gold per ton. The deposit's development has been hanging fire for some time and a final decision was thought to depend on the plans of Selection Trust for the development of a nearby base metals deposit.

It had been assumed that both deposits would use the same access facilities. Selection Trust is moving towards a decision and seeking a joint venturer.

During the first half Dome's net profits edged up to C$22.5m (£8.6m) from C$19.1m in the first six months of 1978. Mining income increased, but other contributions slipped to C$3.6m from C$5.9m.

With gold production very slightly higher at 170,724 ounces and revenue per ounce advancing to an average C$298.06 from C$204.92 in the 1978 first half, revenue rose to C$50.9m from C$34.8m.

Dome's profits consolidate earnings from Campbell Red Lake and Sigma Mines (Quebec) and take in equity in Dome Petroleum and Canada Tungsten Mining.

Campbell Red Lake's first half profits were C$10m against C$6.4m while earnings at Sigma climbed to C$3m from C$1.4m. Dome's share of earnings from Dome Petroleum was C$11.7m, compared with C$8.5m in the 1978 first half. But Dome's share of earnings from Canada Tungsten fell to C$1.1m from C$2m.

Reorganisation helps Caird to ease pressure on margins

The year has started badly for Caird (Dundee), says the directors in their annual report. The cost of raw materials, mainly oil *derivatives, has increased sub*stantially but because of excess capacity in the printing sector of the industry the company has been unable to pass on these increases.

In the year to March 31, 1979, the group, a space dyeing and carpet printing concern, made taxable profits of £83,623, against a £546,200 deficit. This was after a midway recovery from losses of £432,576 to profits of £50,968.

But the Board adds that the re-organisation completed in the spring of last year has made the company more efficient, which is standing it in good stead in the face of narrowing margins.

Liquidity is improving all the time, even at break-even, because of a substantial depreciation charge.

Midway growth for Lambert Howarth

For the 25 weeks ended June 23, 1979, pre-tax profits of Lambert Howarth Group, footwear manufacturer, were £196,145 compared with £141,249 for the 24 weeks ended June 17, 1978. Turnover went ahead from £5.28m to £6.11m.

For the whole of 1978 profits *advanced to a record £645,000* (£474,000).

The directors state that the order book for the rest of the current year shows an improvement over last time, but production levels and profit margins continue to be restricted by competition from imported footwear, and by increasing production costs.

Net profit for the first period came out at £94,145 (£67,749) after tax of £102,000 against £73,500.

The interim dividend is increased to 1.15p (1p) net per 20p share—last year's final was 2.5p.

HAY'S WHARF

The Proprietors of Hay's Wharf announce that of the 4,298,890 ordinary shares of £1 each offered by way of rights, over 94 per cent have been taken up.

The balance has been sold and the excess over the subscription *price of 11.87p per share will be* distributed among the original allottees. Underwriters have accordingly been relieved of their liabilities.

Capital & Natl. earns and pays more

Revenue of Capital and National Trust came out higher at £781,476 for the year ended July 31, 1979, against £701,636 after all expenses and tax of £472,383 compared with £432,533.

And the dividend is stepped up to 5.75p (4.6p) net per 25p share with a 4p final payment. Also announced is a 1.75p (same) interim for 1979-80.

The directors say they have recommended the final dividend bearing in mind the revenue due, and shortly to be received, from Shell and Unilever, amounting to some 0.6p per share.

They hope to maintain the payment for the current year but stress that as the backlog payments will not be repeated, the total for the period may well not exceed that paid for 1978-79.

Stated earnings per 25p share at the year-end are 5.18p (4.86p) and net asset value is given as 165p (180p).

Gross income was £1.35m (£1.24m). Management expenses took £70,683 (£59,965) and interest £22,500 (£47,500).

Yearlings unchanged

The interest rate on this week's batch of local authority yearling bonds is maintained at 12¼ per cent. Issued at par, they are due on August 27, 1980.

The issues are: District of Wrekin (£0.5m), Daventry District Council (£0.5m), City of Salford (£0.25m), City of Manchester (£2.5m), Northavon District Council (£0.25m), Tonbrige and Malling District Council (£0.25m), West Wiltshire District Council (£0.5m), Royal Borough of Kensington and Chelsea (£0.75m), Slough Borough Council (£0.5m), Lancaster City Council (£0.5m), East Staffordshire District Council (£0.5m), Llanelli Borough *Council (£0.25m), North Wilt*shire District Council (£0.25m), Warrington Borough Council (£0.5m), Adur District Council (£0.25m), Cambridge City Council (£1m), Ogwr District Council (£0.5m), London Borough of Southwark (£1m), Test Valley Borough Council (£0.5m), Tyne and Wear County Council (£2m), London Borough of Barking (£1m), Hinckley and Bosworth Borough Council (£0.75m), and NE Derbyshire District Council (£0.5m).

South Hereford District Council is raising £0.5m by way of 12¾ per cent bonds due on August 19, 1981 at par while Tayside Regional Council is issuing £1m variable rate bonds due on August 15, 1984, also at par.

Guthrie Bhd. profits surge in first half

Pre-tax profits of Guthrie Berhad, the Singapore subsidiary of the Guthrie Corporation, surged from S$2.06m to $5.44m in the first half of 1979, on turnover 15 per cent higher at $132.1m, against £114.87m.

The directors say prospects for the year remain satisfactory, although second-half profits are unlikely to match last time.

The interim dividend is doubled to 4 cents, and the directors expect to recommend a total of not less than 10 cents (7 cents).

There is an extraordinary credit of $1.35m ($0.49m), which mainly comprises profits from the sale of the group's 50 per cent interest in Guthrie Boustead shipping agencies in Singapore and Malaysia.

REFINANCING

On August 13, Anglo-American Securities Corporation and North Atlantic Securities Corporation repaid loans of $6.75m and $2.3m respectively. In both cases a further loan facility for the same amount has been negotiated and fully drawn down.

Black Arrow plans ambitious expansion

Results achieved in the current year so far at Black Arrow show a marked improvement. Reporting this Mr. Arnold Edward, the chairman, says he is optimistic about the company's prospects.

For the future the group has ambitious plans to expand all its activities, he says.

For the year to March 31, 1979, both turnover and pre-tax profit increased by about 24 per cent, with profit reaching a record £0.45m and sales £7.19m. As reported July 19 the net dividend is raised to 2.2p (1.6p).

Leasing remained the main contributor to performance with trading profit from this activity up to £386,000 (£336,000) on income of £1.66m (£1.5m) but the sharpest growth was shown by office furniture distribution and partitioning where trading surplus was up from £101,000 to £185,000 *on* turnover of £3.54m (£2.43m).

Electrical appliance distribution recovered from a £21,000 loss to £37,000 profit on sales marginally lower at £1.02m (£1.13m) but electronic components produced £3,000 (£30,000) *on* £0.97m (£0.79m) sales. Group interest expense took £158,000 (£81,000).

At year end cash amounted to £3,193 (£7,414) and bank overdrafts were down from £1.19m to £0.5m while medium and long term bank loans were up at £0.56m (£90,000).

Meeting, Hounslow, on September 24 at 2 pm.

Midway rise for Braime

AN IMPROVEMENT in first-half profits is reported by T. F. and J. H. Braime (Holdings), the specialist in deep drawn press work. The taxable surplus advanced from a depressed £136,521 to £215,586 in the half-year to June 30, 1979, on turnover ahead from £1.42m to £1.67m.

The surplus includes investment income of £13,859, against £11,240.

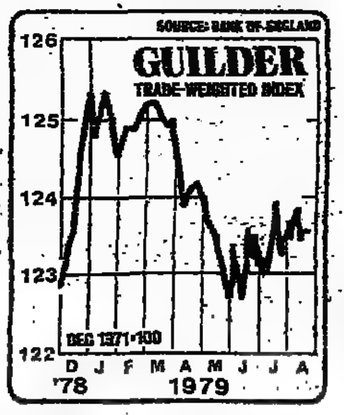
At the year-end the group had lifted pre-tax profits from £320,794 to £357,937 following a recovery from a midway downturn when the surplus fell from a record £191,711.

The net interim dividend per 25p share is raised from 1p to 1.5p. Last year's total was 3.715p.

Dollar steady

Trading was featureless in the foreign exchange market yesterday, with European central banks such as the German Bundesbank and Swiss National Bank probably taking advantage of the quiet conditions to reduce their currency reserves by selling dollars.

Sterling opened at $2.2155-2.2165, and touched a high point of $2.2200-2.2210, but declined in the afternoon on selling from New York. It closed at $2.2100-2.2110 a fall of 1.15 cents on the day. The pound's trade-weighted index, as calculated by the Bank of England, fell to 70.6 from 70.9, after standing at 70.7 at noon and in early trading.



The dollar's index, on Bank of England figures, was unchanged at 84.7. The U.S. currency was almost unchanged against the D-mark at DM 1.8325, compared with DM 1.8320 previously, and against the Swiss franc at SwFr 1.6595, compared with SwFr 1.6600. The dollar showed no change against the Dutch guilder, closing at Fl 2.0125, and in terms of the French franc at FFr 4.2630. It was slightly stronger against the Japanese yen, finishing at Y217.80, compared with Y217.35.

FRANKFURT — The Bundesbank did not intervene when the dollar was fixed at DM 1.8323 against the D-mark, compared with DM 1.8320 previously. Trading was very quiet, with the U.S. currency moving within a narrow range of DM 1.8315 to DM 1.8325 before the fixing. The monthly rise of 0.7 per cent in Germany's July wholesale price index had no affect on trading. It was suggested that the upward trend in prices was flattening out, and that July's increase was about as expected. Sterling was also quiet, rising to DM 4.0660 at the fixing, from DM 4.0530 on Monday.

MILAN — The dollar lost ground against the lira at the fixing, despite support by the Bank of Italy which bought $24m out of the $30.7m officially traded. The U.S. currency fell to L818.80 from L819.05, while sterling rose to L1,816 from L1,810.60. Members of the European Monetary System were firm.

ZURICH—The dollar was steady in quiet early trading, unmoved by the rise in the German wholesale price index, and the Japanese trade deficit. There was no intervention by central banks, with the U.S. currency quoted at SwFr 1.6590 against the Swiss franc at mid-morning, unchanged from the opening level, and compared with SwFr 1.66 at the close on Monday. Sterling also showed little change, and the Swiss franc was unchanged against the D-mark.

TOKYO—The large deficit in Japan's trade balance in the first 10 days of August was announced after the market had closed. Rumours of a large deficit influenced afternoon trading however, leading to speculative buying of dollars, after a fairly quiet morning session. The U.S. currency opened at Y217.40 against the yen, and closed at Y217.65, the highest level of the day, compared with Y217.42½ on Monday.

THE POUND SPOT AND FORWARD

Aug. 21	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S	2.2090-2.2210	2.2100-2.2110	0.53-0.43c pm	2.61	1.32-1.22 pm	2.30
Canada	2.5745-2.5855	2.5745-2.5765	0.58-0.48c pm	2.47	1.35-1.25 pm	2.02
Nethlnd.	4.44-4.47½	4.44¾-4.45¾	2⅛-1⅞c pm	5.06	5¼-4¾ pm	4.72
Belgium	64.80-65.20	64.85-64.93	17-7c pm	2.22	40-30 pm	2.16
Denmark	11.65½-11.73	11.65½-11.66½	1ore pm-1ore dis	par	2-4 dis	−1.03
Ireland	1.0785-1.0830	1.0800-1.0810	30-40p dis	−3.88	95-105 dis	−3.70
W. Ger.	4.04-4.07½	4.04½-4.05½	3-2pf pm	7.41	7⅞-6⅞ pm	7.28
Portugal	108.50-109.35	108.70-109.00	35-85c dis	−6.61	135-235 dis	−6.80
Spain	145.90-146.80	145.90-146.10	165-215c dis	−15.62	550-650 dis	−16.44
Italy	1,808-1,818	1,808¾-1,809¾	1½lire pm-½lire dis	0.33	3½-5½ dis	−0.99
Norway	11.12-11.18	11.12½-11.13½	4½-2½ore pm	3.77	10½-8½ pm	3.41
France	9.41-9.47	9.41¼-9.42¼	2½-1½c pm	2.55	5¼-4¼ pm	2.02
Sweden	9.34-9.40	9.34¾-9.35¾	2ore pm-par	1.28	4½-2½ pm	1.34
Japan	478-486	481-482	3.50-3.20y pm	8.36	9.40-9.10 pm	7.68
Austria	29.55-29.80	29.55-29.60	25-15gro pm	8.11	55-45 pm	6.76
Switz.	3.66-3.69	3.66¼-3.67¼	4½-3½c pm	13.09	11¼-10¼ pm	12.27

Belgian rate is for convertible francs. Financial franc 67.55-67.65c pm. Six-month forward dollar 2.40-2.35c pm, 12-month 4.35-4.25c pm.

THE DOLLAR SPOT AND FORWARD

Aug. 21	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.2090-2.2210	2.2100-2.2110	0.53-0.43c pm	2.61	1.32-1.22 pm	2.30
Ireland†	2.0500-2.0540	2.0500-2.0530	1.20-1.10c pm	6.73	3.10-3.00 pm	5.95
Canada	1.1643-1.1652	1.1643-1.1647	0.01-0.03c dis	−0.21	0.03-0.07dis	−0.17
Nethlnd.	2.0115-2.0130	2.0120-2.0130	0.50-0.40c pm	2.68	1.33-1.23 pm	2.54
Belgium	29.33-29.36	29.33-29.345	0.5-2.0c dis	−0.51	par-1.5 dis	−0.10
Denmark	5.2765-5.2800	5.2765-5.2790	1.25-1.75ore dis	−3.41	4.25-4.75dis	−3.41
W. Ger.	1.8314-1.8330	1.8320-1.8330	0.80-0.70pf pm	4.91	2.36-2.26 pm	5.04
Portugal	49.15-49.30	49.18-49.28	25-35c dis	−7.31	80-120 dis	−8.13
Spain	66.03-66.10	66.03-66.06	80-100c dis	−16.35	270-300dis	−17.26
Italy	818.50-818.95	818.65-818.95	1.10-1.60lire dis	−2.0	5.90-6.60 dis	−3.1
Norway	5.0340-5.0355	5.0345-5.0355	0.75-0.25ore pm	1.19	1.75-1.25 pm	1.19
France	4.2620-4.2640	4.2625-4.2640	0.03c pm-0.02c dis	0.07	0.22-0.32dis	−0.25
Sweden	4.2280-4.2320	4.2280-4.2290	0.25-0.45ore dis	−0.99	0.90-1.10dis	−0.95
Japan	217.50-217.70	217.50-217.70	1.10-0.95y pm	5.7	3.10-2.95 pm	5.6
Austria	13.382-13.39	13.382-13.387	5.90-5.40gro pm	5.07	16.25-14.75pm	4.63
Switz.	1.6583-1.6595	1.6583-1.6590	1.45-1.40c pm	10.31	4.17-4.12 pm	10.00

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

Aug. 21	Bank of England Index	Morgan Guaranty changes %
Sterling	70.6	−34.7
U.S. dollar	84.7	−6.7
Canadian dollar	80.9	−16.9
Austrian schilling	148.3	+19.7
Belgian franc	114.0	−13.7
Danish kroner	113.9	+2.6
Deutsche mark	161.7	+42.4
Swiss franc	197.1	+81.2
Guilder	125.5	+18.6
French franc	99.0	−7.3
Lira	55.4	−48.6
Yen	131.4	+39.9

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

CURRENCY RATES

August 20	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	14	0.587070	0.623925
U.S. $	10½	1.29813	1.37869
Canadian $	11¼	1.51803	1.61211
Austria Sch	3¾	17.3781	18.4469
Belgian F	9	38.0904	40.4474
Danish K	9	6.85283	7.28088
D Mark	5	2.37817	2.52577
Guilder	8	2.61249	2.77436
French Fr.	9½	5.53393	5.87737
Lira	10½	1063.17	1129.15
Yen	5¼	282.603	299.576
Nrwgn. K	7	6.53479	6.94241
Spanish Pes.	8	85.6909	91.0627
Swedish Kr.	7	5.49330	5.83463
Swiss Fr.	1	2.15217	2.28684

OTHER MARKETS

August 21	£	$		£ Note Rates
Argentina Peso	3093-3113	1400-1410	Austria	29-30
Australia Dollar	1.9575-1.9675	0.8855-0.8900	Belgium	67-68
Brazil Cruzeiro	58.66-59.66	26.55-27.00	Denmark	11.65-11.80
Finland Markka	8.46-8.48	3.8270-3.8360	France	9.40-9.55
Greek Drachma	80.376-82.304	36.35-37.25	Germany	4.00-4.10
Hong Kong Dollar	11.31-11.33	5.1240-5.1360	Italy	1,790-1,840
Iran Rial	157.08-164.06	70-74	Japan	460-490
Kuwait Dinar (KD)	0.606-0.616	0.2760-0.2761	Netherlands	4.40-4.50
Luxembourg Frc.	64.83-64.93	29.34-29.36	Norway	11.10-11.25
Malaysia Dollar	4.7700-4.7810	2.1565-2.1575	Portugal	105-110
New Zealand Dlr.	2.1835-2.1935	0.9875-0.9920	Spain	145-148
Saudi Arab. Riyal.	7.38-7.48	3.3570-3.3590	Switzerland	3.63-3.73
Singapore Dollar.	4.7620-4.7730	2.1545-2.1555	United States	2.21½-2.23
Sth. African Rand	1.85-1.86	0.8370-0.8415	Yugoslavia	43-45

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU August 21	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.4582	40.4743	+2.58	+1.39	±1.53
Danish Krone	7.08592	7.28079	+2.75	+1.57	±1.635
German D-Mark	2.51064	2.52711	+0.66	−0.53	±1.1325
French Franc	5.79831	5.87852	+1.40	+0.22	±1.35
Dutch Guilder	2.72077	2.77522	+2.00	+0.82	±1.5075
Irish Punt	0.662638	0.672220	+1.46	+0.27	±1.665
Italian Lira	1148.15	1129.22	−1.65	−1.65	±4.0725

Changes are for ECU, therefore positive change denotes a week currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

August 21	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lire	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.211	4.060	481.5	9.423	3.668	4.440	1809.	2.576	64.66
U.S. Dollar	0.452	1.	1.832	217.8	4.263	1.659	2.013	818.5	1.165	29.35
Deutschemark	0.247	0.546	1.	118.9	2.327	0.906	1.098	446.7	0.636	16.02
Japanese Yen 1,000	2.077	4.591	8.411	1000.	19.57	7.617	9.239	3758.	5.349	134.7
French Franc 10	1.061	2.346	4.298	511.0	10.	3.892	4.721	1920.	2.733	68.86
Swiss Franc	0.273	0.603	1.104	131.3	2.569	1.	1.213	493.3	0.702	17.69
Dutch Guilder	0.225	0.497	0.910	108.2	2.118	0.824	1.	406.7	0.579	14.58
Italian Lira 1,000	0.553	1.222	2.238	266.1	5.208	2.027	2.459	1000.	1.424	35.85
Canadian Dollar	0.388	0.858	1.573	187.0	3.659	1.424	1.727	703.5	1.	25.19
Belgian Franc 100	1.541	3.407	6.243	742.1	14.52	5.653	6.857	2789.	3.970	100.

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit— one month 11.30-11.40 per cent; three months 11.45-11.55 per cent; six months 11.45-11.55 per cent; one year 11.05-11.15 per cent.

Aug. 21	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	n.a.	11⅛-11⅜	10½-11½	8⅛-8⅜	¾-⅞	6⅛-6⅜	10⅜-10⅝	11-12	—	4⅛-9⅜
7 days' notice	n.a.	11⅛-11⅜	10½-11½	8⅛-8⅜	[illegible]	6½-6⅝	10⅜-10⅝	11 13	11⅛-11⅜	5⅛-6⅛
Month	14-14¼	11⅛-11⅜	11⅛-11⅞	8⅞-9	1⅛-1⅜	6⅛-6⅜	11⅜-11⅝	13-14	11⅜-11½	5⅞-6⅛
Three months	14⅛-14⅜	11⅝-12	11⅛-11⅜	9⅛ 9⅜	1⅛-1¼	6⅛-6⅜	12-12¼	14-15	11⅛-11⅞	6⅛-6⅜
Six months	14-14⅜	11⅛-11⅜	11⅛-11⅜	9⅛-9⅜	2⅛-2⅜	6⅞-7⅛	12½-12¾	15-16	11⅜-11⅝	6¼-6½
One year	13½-13⅞	11⅛-11⅜	11⅛-11⅜	9-9¼	2¼-2⅞	7-7⅛	12⅛-12⅜	15½-16½	10⅞-10⅞	6⅛-6⅜

Long-term Eurodollar: two years 10⅝-10⅞ per cent; three years 10½-10⅞ per cent; four years 10⅜-10⅝ per cent; five years 10 5/16-10 7/16 per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

U.S. rates firm

U.S. short term interest rates are continuing their upward spiral this week. Federal funds —the uncommitted funds lent between banks—touched 11½ per cent on Monday, and closed at 11⅛ per cent, compared with the presumed target rate set by the U.S. Federal Reserve of 11 per cent.

Security Pacific National Bank of Los Angeles became the first U.S. bank to increase its broker loan rate to 11¾ per cent from 11½ per cent. A rise in this rate often precedes an increase in prime rates, and the latest move led to speculation that prime rates may rise to 12¼ per cent in the near future. Only last week higher broker loan rates were followed by an increase in prime rates to 12 per cent from 11¾ per cent.

In early trading yesterday Federal funds were around 11 per cent.

PARIS — Call money was unchanged at 10¼ per cent, and one-month franc deposit rates were also steady at 10 9/16-10 11/16 per cent. Three-month funds firmed slightly to 10 13/16-10 15/16 per cent from 10¾-10⅞ per cent, while six-month and 12-month were unchanged at 10⅞-11 per cent.

FRANKFURT — Call money eased to 6.40-6.50 per cent from 6.50-6.60 per cent, and one-month to 6.70-6.80 per cent from 6.80-6.90 per cent. Three-month funds were quoted at 7.00-7.10 per cent, compared with 7.00-7.20 per cent on Monday, while six-month were unchanged at 7.30-7.40 per cent, and 12-month rose to 7.40-7.50 per cent from 7.35-7.45 per cent.

BRUSSELS — *Deposit rates* for the Belgian franc were mixed. One-month and three-month fell to 12-12¼ per cent from 12 1/16-12 5/16 per cent. Six-month was quoted at 11¾-11⅞ per cent, compared with 11⅞-11 15/16 per cent, while 12-month rose to 10⅞-12 per cent from 10 11/16-10 13/16 per cent.

AMSTERDAM — Call money was unchanged at 8⅞-9 per cent, and fixed period rates were also unchanged, with one-month at 9⅛-9⅜ per cent, three-month at 9⅝-9⅞ per cent; and six-month at 9⅝-9⅞ per cent.

GOLD

Firmer trend

Gold rose sharply in fairly active afternoon trading, after a quiet morning. The metal opened at $298¾-299¾ and was fixed at $298.90 in the morning, and $300.50 in the afternoon. The sharp rise in silver seemed to prompt a similar movement in gold, which may have also been buoyed by the U.S. Treasury gold auction yesterday. It closed at $302¼-303, a rise of $4 on the day.

In Paris the 12½ kilo gold bar was fixed at FFr43,400 per kilo ($316.63 per ounce) in the afternoon, compared with FFr43,300 ($315.95) in the morning, and FFr43,200 ($315.19) Monday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 17,630 per kilo ($299.33 per ounce), compared with DM 17,600 ($298.85) previously.

	Aug. 21	Aug. 20
Gold Bullion (fine ounce)		
Close	$299½-300¼ (£135.6-135.4)	$298¼-299 (£134.2-134.55)
Opening	$298-298¾ (£134.7-135)	$299½-300¼ (£135.4-135.75)
Morning fixing	$298.70 (£134.858)	$299.10 (£135.077)
Afternoon fixing	$300.55 (£132.500)	$298.75 (£135.047)
Gold Coins, domestically		
Krugerrand	$308½-310½ (£139-140)	$309-311 (£139-140)
New Sovereigns	$79½-81½ (£35¾-36¾)	$77½-78½ (£34¾-35¾)
Old Sovereigns	$114-116 (£49-50)	$114½-115½ (£51¼-52¼)
Gold Coins, internationally		
Krugerrand	$310½-312½ (£140¼-141¼)	$309-311 (£138-139)
New Sovereigns	$77½-79½ (£35-36)	$77½-78½ (£34¾-35¾)
Old Sovereigns	$115½-117½ (£52¼-53¼)	$114½-115½ (£51¼-52¼)
$20 Eagles	$429-427	$418-423
$10 Eagles	$225-235	$224-229
$5 Eagles	$180-190	$179-184

UK MONEY MARKET

Large assistance

Bank of England Minimum Lending Rate 14 per cent (since June 12, 1979)

Day-to-day credit was in short supply in the London money market yesterday, and the authorities gave a large amount of assistance by buying a small number of Treasury bills from the discount houses, and a small amount of local authority bills. The Bank of England also lent a large amount to eight or nine houses, overnight, at Minimum Lending Rate of 14 per cent.

Banks brought forward small surplus balances, but this was outweighed by a small net take-up of Treasury bills, and repayment of the large amount lent to the market on Monday.

Discount houses paid around 13¾ per cent for secured call loans in the early part, and closing balances were taken at 13-14 per cent. In the interbank market overnight loans commanded 14-14¼ per cent for the most part, and closed at 11 per cent.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

Aug. 21 1979	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	11-14¼	—	—	—	14½	13-14	—	—	—
2 days notice	—	—	14⅛-14¼	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	14-14¼	14¼-14⅜	—	14⅛	14⅜	13⅞	—	—	—
One month	14 1/16-14 3/16	14 1/16-14 3/16	14⅛-14¼	15-14¾	14½	14⅜	13⅞	13 13/16-13¾	14 1/16	14⅜
Two months	14⅛-14	14-14⅛	—	14⅝-14⅜	14½	—	13¾	13 13/16	13 27/32	14¼
Three months	14 1/16-13 15/16	14-14⅛	14-14⅛	14⅛-13⅞	14⅜	14⅜	13⅝	13 25/32-13 11/16	13 23/32	14
Six months	13 13/16-13 11/16	13½-13⅝	13⅜-13¾	13⅝-13	14	—	—	—	12⅝	13¾
Nine months	12¾-12⅝	12 13/16-12 11/16	—	13-12⅝	13⅜	—	—	—	—	—
One year	12⅝-12¼	12½-12 11/16	12¾-12⅞	12⅝-12⅜	13	—	—	—	—	—
Two years	—	—	12¾-12⅞	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days fixed. • Long-term local authority mortgage rates nominally three years 12¾-12⅞ per cent; four years 12¾-12⅞ per cent; five years 12¾-12⅞ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 13 9/16 per cent; four-month trade bills 14 per cent.

Approximate selling rate for one-month Treasury bills 13 9/16 per cent; two-month 13 9/16 per cent; three-month 13½ per cent. Approximate rates for one-month bank bills 13 29/32 per cent; two-month 13 27/32 per cent; and three-month 13 23/32 per cent; one-month trade bills 14⅝ per cent; two-month 14¼ per cent; and three-month 13⅞ per cent.

Finance House Base Rates (published by the Finance Houses Association) 14 per cent from August 1, 1979. Clearing Bank Deposit Rates for small sums at seven days' notice 11½-12 per cent. Clearing Bank Rates for lending 14 per cent. Treasury Bills: Average tender rates of discount 13.2975 per cent.

MONEY RATES

NEW YORK	
Prime Rate	12
Fed Funds	11-11.125
Treasury Bills (13-week)	9.54
Treasury Bills (26-week)	9.48
GERMANY	
Discount Rate	5
Overnight Rate	6.45
One month	6.75
Three months	7.05
Six months	7.35
FRANCE	
Discount Rate	9.5
Overnight Rate	10.5
One month	10.625
Three months	10.875
Six months	10.9375
JAPAN	
Discount Rate	5.25
Call (Unconditional)	6.6875
Bills Discount (three-month)	7

NORTH AMERICAN NEWS

Further setback at Firestone

BY STEWART FLEMING IN NEW YORK

FIRESTONE TIRE AND RUBBER has suffered a further setback in its recovery from last year's heavy losses, stemming from an order to recall around 13.5m allegedly defective tyres.

The company also disclosed in its third quarter earnings report that it has decided to dispose of its operations in Australia, a move which it estimates could cost $9m.

Mr. Richard A. Riley, the chairman, said that the company is looking at the viability of certain other operations outside the U.S., adding that although Firestone's international results as a whole showed improvement over a year ago, its European operations are still not profitable.

In its fiscal third quarter ending on July 31, Firestone earned a net profit of $10.4m on sales revenues of $1.3bn, sharply down from $15.9m on sales of $1.2bn a year ago.

These results left Firestone with net operating income for the first nine months of $77.8m compared with $51.9m in the same period of 1978, but that figure was cut to a final net loss of $21.1m as a result of extraordinary charges stemming from the phasing out of tyre production at several plants.

The company is clearly unhappy about its third quarter performance. Mr. Riley said that the results were adversely affected by sluggish domestic tyre demand for the industry as a whole, related to energy uncertainties. Operating profit in the tyres and related products segment in both the quarter and nine-month periods declined because of the unsatisfactory earnings of the domestic U.S. tyre division.

Operating profit in the chemical and metal industrial products operations was well ahead of 1978, however.

Mr. Riley added that increases in raw material and other costs not fully recoverable in the market place eroded tyre profit margins. But he said that there are some indications that recent price increases could alleviate some of that erosion in the months ahead.

The U.S. tyre industry has suffered from the petrol shortages earlier in the year, which reduced tyre demand, and will not be helped by the downturn which is hitting the motor industry. Analysts worry, however, that Firestone may yet be forced to close further plants, and this could result in further write-offs. The company's output has been sustained in part by the need to build tyres to replace the allegedly defective tyres involved in the recall, but that demand will taper off.

Good third quarter for Deere

BY OUR FINANCIAL STAFF

DEERE, the world's largest manufacturer of farm equipment, lifted third quarter profits by over 16½ per cent despite adverse overseas results.

Net earnings totalled $96.97m or $1.60 a share compared with $83.06m or $1.38 a share in the corresponding 1978 period. This brought the nine-month total to $271m or $4.47 a share, some 23 per cent above last year's corresponding $219.9m or $3.64 a share.

The latest nine months' earnings were after pre-tax foreign exchange gains of $4.5m against foreign exchange losses of $23.7m in 1978. In the third quarter, pre-tax foreign losses were $12 against a loss of $8.1m last year.

Third quarter sales advanced by almost 25 per cent, from a corresponding $1.13bn to $1.41bn. For the nine months, sales were 20 per cent up from $3.04bn to $3.67bn.

Retail farm equipment sales in the U.S. continued to be very strong and total U.S. farm cash receipts are now expected to be up as much as 15 per cent over 1978 with some increase in 1980.

Deere's U.S. farm equipment sales rose 26 per cent in the third quarter to $1.13bn while industrial equipment sales were 21 per cent up at $279.8m.

The increase in Canadian operating results experienced in *the first six months of the year* also continued in the third quarter.

Foreign operations, however, were adversely affected by a lower real volume of sales, cost price pressures and costs associated with product changes to be announced this autumn.

Mr. William A. Hewitt, chairman, states that 1979 is a year of transition for the group's overseas business as it phases out the manufacture of several major current products and begins production of new models.

He believes new products will enhance both sales and earnings of overseas divisions in the 1980s.

Earnings at K mart on target

BY OUR FINANCIAL STAFF

K MART is well on target at the halfway stage for Wall Street forecasts of a 13 per cent rise to $3.10 in share earnings at the year end.

In the opening six months, sales rose by 16 per cent to $5.66bn, and earnings by 17 per cent to $135.3m, with share earnings at $1.08 against 93 cents last time.

After a sparkling first quarter, however, when sales added 15.4 per cent and earnings 28.3 per cent, the pace slackened. The second quarter saw sales 13.4 per cent up to $3.01bn and earnings 10.6 per cent ahead at $89.71m.

The trading figures to date exclude results from K mart's Australian operation, which consists of a 20 per cent stake in G. J. Coles which has sales of $2bn.

K mart expects a good autumn and winter season, although merchandise plans have been made in anticipation of a slower economy.

Second quarter results were within the company's expectations and increases were experienced in most departments. However, there was some softening in the ladies apparel, automotive and camera departments near the end of the quarter.

Results for the second quarter reflected inflationary pressures on expenses, especially payroll and employee benefit costs.

Expenses for the quarter were 22.5 per cent of sales, compared with 21.6 per cent in 1978. The Lifo effect on earnings for the second quarter was 9 cents a share, compared with 4 cents a share a year earlier.

Earnings for the 1979 second quarter also included a currency gain of 3 cents a share compared with a negligible effect last year.

RESULTS IN BRIEF

Harris profits rise by one-fifth

NEW YORK—Net income of the communications and information equipment manufacturer **Harris Corporation** for the year to June 30 rose from $52.17m or $2.11 a share to $63.09m or $2.45, on sales ahead from $872.2m to $982.1m. Fully diluted earnings were $2.39 against $2.03.

These results are in line with forecasts from Mr. Joseph A. Boyd, the chairman, who said in May that earnings would rise by 20 per cent to $2.40 and that sales would approach the $1bn mark.

For the fourth quarter, Harris recorded net income of $18.9m or 71 cents a share fully diluted against $15.48m or 60 cents. Sales for the quarter moved ahead from $254.4m to $273.2m.

Despite a slight slackening in profit margins in the final quarter, **Beckman Instruments** has pushed earnings ahead by 29.4 per cent to $29.3m for the full year, with per share earnings at $1.66 against $1.35 last time. Sales rose 26 per cent to $426.7m.

Beckman, which manufactures analytical instruments, expects continuing increases in both sales and earnings in the coming year despite the economic slowdown. Incoming orders are well above shipments.

In the final quarter of 1978-1979, earnings put on 24 per cent to $9.2m, lifting per share earnings from 44 cents to 52 cents a share, on sales increased by 35.7 per cent to $125.4m. Figures for the quarter and for the full year are adjusted to allow for a two-for-one share split last November.

Wickes Corporation, the California-based retailing organisation, lifted first half net income from $16.66m or $1.55 a share to $19.56m or $1.72, on sales up from $943.1m to $1.01bn.

For the second quarter, net income was $14.22m or $1.27 a share compared with $12.3m or $1.14. Sales for the quarter rose from $545.4m to $565.1m.

For the full year, utility **Ohio Edison** turned in net income down from $100.07m or $1.55 a share to $99.06m or $1.30. Sales revenues expanded from $829.1m to $943.7m. Also for the full year, grocery supplies concern **Malone and Hyde** lifted earnings per share from $2.58 to $2.88.

Agencies

FTC plans opposition to Exxon formula

By Our New York Correspondent

THE FEDERAL Trade Commission, which has been seeking to block Exxon's $1.2bn takeover of Reliance Electric, is planning to oppose a compromise proposal which would allow Exxon to complete the deal and tranfer its newly developed electric motor technology to Reliance.

On Friday of last week, a U.S. district court judge refused to grant the FTC a preliminary injunction banning the merger between the largest U.S. oil company and Reliance, a leading electric motor manufacturer.

But the judge's ruling requires Exxon to keep Reliance's electric motor and drives business separate from the oil company, a condition which Exxon claims would frustrate the main purpose of the merger.

When Exxon announced its plans to buy Reliance, it said that its objective was to use Reliance as a vehicle for the commercial exploitation of a technological breakthrough in electric motor power.

In the wake of the Exxon move, the FTC launched an antitrust action against Exxon to block the deal, and is planning to seek divestiture should Exxon successfully complete the acquisition.

Exxon has come close to securing control of Reliance. Around 95 per cent of Reliance common stock has been tendered to the oil company in response to its $72 a share offer.

Late on Friday, Exxon disclosed that it was delaying payment for the stock. It has proposed a compromise agreement which would permit it to transfer its technology to Reliance, and says it will freely licence the technology to other companies.

The FTC has indicated that it opposes this compromise, arguing that Exxon would have entered the electric motor business on its own, and had plans to do so if it were prevented from acquiring Reliance. Thus it says that Exxon is a potential competitor to Reliance, and if it purchases Reliance this potential competition will be eliminated.

A hearing is planned for next Monday, at which the district court judge will rule on the Exxon compromise.

Exxon's decision to delay payment on the stock tendered has set up tensions with Reliance, which issued a statement on Monday saying that on its interpretation of the offer document, Exxon is obligated to proceed with the offer.

If Exxon decides to back out, it could face legal action from both Reliance and some of its shareholders.

Sears Roebuck results down at halftime

By Our Financial Staff

SECOND QUARTER earnings and sales of Sears, Roebuck, the world's largest general merchandise retailer, were slightly lower. Net earnings of $193.51m or 60 cents a share, were 3½ per cent below last year's corresponding $200.78m or 63 cents a share.

Half-time earnings were also 3½ per cent down at $343.64m or $1.07 a share.

Operating margins for the second quarter, however, were above last year's despite lower sales. Turnover dropped by some 5 per cent, from $4.49bn to $4.25bn. Half-year sales fell over 7½ per cent, from $8.56bn to $7.88bn.

Mr. Edward R. Telling, the chairman, said interest expenses increased 12.4 per cent to $140m in the second quarter, equal to 2 cents a share. Higher Lifo inventory provisions also reduced net earnings by 2 cents a share.

The Allstate Group of companies, which provide insurance and financial services, contributed 38 cents a share to second quarter earnings, compared with 37 cents in the corresponding 1978 period. For the half-year, the Allstate contribution to earnings amounted to 68 cents a share, compared with 71 cents previously.

Xerox—Itel deal

Xerox has agreed in principle to buy Itel Corporation's Autex computer-based information operation for about $22m. Reuter reports from Stamford. Autex, under present management, will join the Xerox publishing group as a separate operating company providing information products and services.

Inland Steel plan

INLAND STEEL'S metals distribution subsidiary, Joseph T. Ryerson is spending $40m to expand its operations in Chicago, reports Reuter from Chicago.

INTERNATIONAL CAPITAL MARKETS

Foreign DM bond offers largest since January

BY JOHN EVANS

EURODOLLAR bond prices were in general retreat yesterday, again under the pressure of higher short-term U.S. interest rates.

In Frankfurt, a calendar of foreign Deutsche-Mark bonds of about DM 750m has been set for the forthcoming month, the largest official offering since last January when one of DM 850m was set.

The last DM foreign issue calendar was officially fixed at DM 200m by Germany's banks. But in the event, issues totalling DM 1bn were launched as market conditions improved.

The current calendar will open on August 28, with a DM 150m private placement for the Republic of Austria via Bayerische Landesbank.

New Zealand will offer DM 200m through Commerzbank on August 31, while on September 4, DM 150m for the City of Kobe is due from Deutsche Bank. September 14 and September 17 are both allocated to unnamed borrowers, with the two offerings due from West LB.

From September 10-11, the Council of Europe is seeking DM 100m through BHF-Bank, with the issue possibly being increased to DM 125m.

Meanwhile Cedel, one of the main bond clearing systems, yesterday raised its dollar overnight overdraft rate to 11.5 per cent, following similar action by Euroclear.

The extent of the recent climb of U.S. interest rates was also illustrated when the interest rate on the initial $100m tranche of Citicorp floating rate notes was set at 11⅛ per cent. This offering is geared to the mean of the bid and offered rates of *three-month Eurodollar* interbank deposits.

Much of the active selling in the dollar bond market yesterday was linked to the action of some participants in lightening their inventories of stock, because of negative carry costs, dealers said. Prices showed an average ½ to ¾ point fall.

Among specific issues, the $75m Williams and Glyn's FRN found support in primary trading, quoted at less 1⅛ to less 1.

The latest Euro-guilder issue, the Fl 175m private placing for Algemene Bank Nederland, also provided popular in primary quotations. The five-year 8½ per cent issue, at par, was being traded at less ¼ to plus ¼.

The Brazilian power company, Electrobras, has signed an agreement to issue Y10bn of 10-year bonds carrying a coupon of 8.3 per cent and priced at par, Richard Hanson writes from Tokyo.

The bonds will be offered from August 23-29.

Greece seeks $400m

BY OUR ATHENS CORRESPONDENT

THE BANK of Greece is planning to seek $400m to $500m in the Eurodollar market. Bank officials say first contacts have been made and that they are looking for ten-year money with a spread of ¾ per cent over Libor.

This is the first time Greece's central bank—has come to the market this year. In May, credits worth $125m and $15m were announced by the Public Power Corporation (DEH) and the Hellenic Industrial Development Bank (ETVA). The first credit was for ten years at a split rate of ⅞ per cent over Libor for the first six years and then ¾ per cent above. These fine rates encourage officials to seek prime rates for the new loan.

This year Greece is expecting a deficit of $1.8bn on current account. A net capital inflow of $1bn is forecast and the rest of the deficit will be covered by such items as suppliers' credits. However, Greece is repaying over $700m for interest and principal, compared with around $400m last year.

Bank officials say that they plan the fresh loan to avoid drawing down on gold and foreign exchange reserves, now totalling about $1.13bn.

VOLVO CAR

A testing time for the alliance between Holland and Sweden

BY CHARLES BATCHELOR, RECENTLY IN BORN

THE HARMONY of the alliance between the Dutch Government and Swedish carmaker Volvo faces a stiff test tomorrow when the future of their joint venture, Volvo Car, comes under major scrutiny.

On Thursday all interested parties get together to discuss the latest package of state aid for Volvo Car, a cash injection of Fls 155m ($76m). Round the table will be the Dutch Government, the Dutch unions and Volvo of Sweden.

To date, Volvo's acquisition of a majority holding in the car division of the Dutch Daf group, now renamed Volvo Car, has not turned out the harmonious agreement both sides must have hoped for. The Dutch Government and unions are concerned that the self-supporting Dutch car group will be turned into nothing more than an assembly plant for vehicles developed in Sweden. Swedish shareholders on the other hand complain that the hard pressed parent company's funds are being spent abroad.

Initially the link between the two companies appeared an ideal solution to both their problems. Daf gained the support of a financially powerful backer while Volvo could offer its customers and dealers a broader range of vehicles. But the link-up did not turn out as planned. The first new model, the 343, did not sell as well as expected, the Dutch company made substantial losses, and last month the Dutch Government announced a second aid package.

Problems in Holland were the last thing Volvo, faced with the failure of its talks with Saab-Scania and then Norway, needed. However, Volvo Car is convinced that—following the introduction of a manual version—it has sorted out the problems with the 343, and is forecasting a return to profits in 1981-82. The latest sales and production figures confirm there has been a sharp improvement.

In the first five months of this year 343 sales in the four major markets—Holland, the UK, Sweden and West Germany—rose to 23,100 from 13,000 last year. Volvo Car's 12-year-old plant at Born in Holland is expected to turn out 89,000 of 343s and 66s this year compared with the original forecast of 80,000 and last year's production of 64,700.

Operating losses of Volvo Car are high and are difficult to lower. They are, nevertheless, expected to decline further this year after easing to Fls115m in 1978 from Fls125m the year before. Turnover of Volvo Car, which includes the *sales of* Volvo models in Holland, was Fls831m last year.

Volvo Car hopes to finance most of the development costs of its new car—code-named PX—from profits. By the mid-1980s the 343 will be coming to the end of its expected life. There is a good chance that a manual version of the new car will be available from the word go.

Volvo Car expects this year to lift vehicle production by more than a third. Export sales, in particular, have risen sharply during the first seven months.

The latest round of government aid is part of an overall Dutch-Swedish package, for Volvo is itself putting up Fls76m in new funds. The initial deal with the Dutch Government took the form of *Fls30m for a 20 per cent share*holding (which lifted the Government stake to 45 per cent) plus Fls98m in cash.

Volvo Car's decision to launch the 343 with an automatic gear box was a costly mistake, designed by Daf engineers as the Daf 77 and containing the traditional Daf variomatic gearbox, the 343 would have had to be held back for months while the manual version was developed. Yet in producing the automatic version first, Volvo Car was cutting itself off from 95 per cent of the market. Automatics account for only 5 per cent of car sales in Europe compared with more than 90 per cent in the U.S.

The hurried launching of the 343 also meant the car was put on the market with several faults which, overpriced as Volvo Car now admits it was, prompted much criticism. These problems have now been put right and the 343 manual version has recently been topping trade popularity polls.

A five-door version of the 343—the 345—is now in production and model with a larger engine than the current 1.4 litre is also planned. The new model will open up the company car market to Volvo Car as well as national markets such as France and Switzerland.

Working conditions at Volvo's Born factory are advanced but they do not prevent a level of absenteeism approaching 16 per cent. The company is hard put to explain this, although absenteeism in the province of Limburg is high by Dutch standards.

Volvo Car was attracted to the area by large Government assistance for providing jobs for former miners when Limburg's pits were closed. The company started a system of working in small groups when the 343 was introduced to get away from traditional assembly line conditions.

Volvo vice-president Hakan Frisinger recently warned the Born workforce that efficiency must be increased by 30-35 per cent. This will require substantial investment, staff cutbacks and a further integration of Volvo Car into the main Volvo group. For its part, Volvo Car is convinced it has *become an indispensable part* of the Volvo group. It accounted for nearly a quarter of the 260,000 cars produced by Volvo in 1978 and Born is the second largest production plant after the Torslanda works in Sweden.

However, Volvo and the Dutch Government will have to hold their breaths for several years yet before they see a return on their investment. Last year Volvo Car estimated losses for the 1978-1980 period of Fls 237m.

With the loss in 1978 alone accounting for more than half of this forecast, the actual figure could well be higher. And Holland still faces the worrying prospect that the need to rationalise the Volvo operation will reduce Volvo Car's independence and its ability to design cars from scratch.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on August 21

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alcoa of Australia 10 89	80	97½	98	−0⅛	−0⅛	10.36
Alex Howden XW 9½ 91	30	†81	83	+0½	+0⅛	12.48
Australian Res. 9⅞ 84	30	97½	98	−0⅛	−0⅛	10.22
Avco O/S Cap. 10⅛ 87	40	96⅞	96⅞	−0⅛	−0⅞	11.09
Bayer Int. F. XW 7½ 89	200	83¼	83¾	0	−0⅛	10.04
Beneficial Fin. 9⅝ 87	100	97½	98	−0⅛	−0⅛	10.17
CECA 9⅛ 84-99	50	93½	93⅞	−0⅛	−0⅛	10.14
CECA 10¼ 91	100	97⅛	97⅝	−0⅛	−0⅛	11.11
CECA 9⅞ 89	125	†97¼	97¾	0	0	10.29
Canadian Pacific 9⅝ 89	50	97½	98	−0⅛	−0⅛	10.11
Carter Hawley 9⅝ 86	50	96½	97	−0⅛	−0⅛	10.42
Comalco Inv. E. 10⅛ 91	40	98⅞	99⅜	−0⅛	−0⅛	10.37
Continental Grp. 9⅝ 86	100	97½	98	−0⅛	−0⅛	10.06
Dome Petroleum 10 94	50	93½	93⅞	−0⅛	−0½	10.59
Dominion Bridge 10⅛ 84	30	99¾	99⅞	+0⅛	+0⅛	10.33
Dow Chem. O/S 9⅝ 94	200	97¼	97¾	−0⅛	−0⅛	9.94
EIB 9⅝ 86	150	99¼	99⅞	+0⅛	+0⅛	9.94
EIB 9⅞ 99	100	99¼	99⅞	−0⅛	−0⅛	10.16
EIB 9⅞ 87	150	100⅛	100⅝	+0⅛	−0⅛	9.39
EIB 10 99	150	100½	101	+0⅛	−0⅛	10.15
Export Dv. Con. 9.85 84	150	100⅛	100⅝	0	0	9.94
Export Dv. Con. 9⅝ 84	100	96⅞	97½	−0⅛	−0⅛	10.11
Finland 9⅞ 86	100	97½	97⅞	−0⅛	−0⅛	10.04
Finland 9⅝ 89	100	98⅝	99⅛	0	+0⅛	10.04
GTE Finance 9½ 84	50	97	97½	−0⅛	−0⅛	10.28
GTE Finance 9⅝ 89	55	95	95½	−0⅛	−0⅛	10.54
General Motors 9⅛ 86	100	96⅞	97⅜	−0⅛	−0⅛	9.84
Gould Int. Fin. 9⅞ 85	50	97½	98	−0⅛	+0⅛	10.27
Hoechst Fin. XW 8⅝ 89	125	†79⅞	80⅜	+0⅛	+0⅛	10.01
Hudson Bay Co. 10 84	50	98¼	98¾	−0⅛	−0⅛	10.19
ITT Antilles 9½ 89	75	95¾	96¼	−0⅛	−0⅛	10.17
Kennecott Int. 9⅝ 86	100	94	94½	−0⅛	−0⅛	10.72
Manitoba 9⅝ 89	75	96⅜	96⅞	−0⅛	−0⅛	10.05
Nat. Des Telecom. 9½ 86	100	97⅜	97⅞	−0⅛	−0⅛	9.93
New Brunswick 9⅞ 84	75	95¾	96¼	−0⅛	−0⅛	10.29
Newfoundland 10 84	50	98½	99	−0⅛	−0⅛	10.16
Norsk Hydro 9⅛ 84	50	94	94½	−0⅛	−0⅛	10.01
Norway 9⅝ 84	150	100	100½	+0⅛	−0⅛	9.91
Norway 9⅛ 84	150	97⅞	98⅜	−0⅛	−0⅛	9.99
Nova Scotia Pwr. 9⅞ 89	50	96⅞	97¼	−0⅛	−0⅛	10.24
Occidental Fin. 10⅛ 84	50	99⅛	99⅝	−0⅛	−0⅛	10.40
Orient Leasing 9⅝ 86	25	95¼	95¾	+0⅛	−0⅛	10.44
Pennwalt O/S F. 9⅝ 84	75	97⅝	98⅛	−0⅛	−0⅛	10.24
Pepsico Cap. 9⅝ 84	100	97⅞	98⅜	−0⅛	−0⅛	9.79
Portland 10 84	50	†97½	98	−0⅛	+0⅛	10.61
Quebec Hydro 10 99	75	94⅞	95⅜	−0⅛	−0⅛	10.59
Redland Fin. XW 9⅝ 91	25	†90⅞	91⅜	+0⅛	+0⅛	10.89
Sears Roebuck 9 82	150	97⅝	98⅛	−0⅛	−0⅛	9.96
Statoil 9⅞ 89	100	96⅞	97⅜	−0⅛	−0⅛	10.09
Stockholm 9⅞ 94	50	99¼	99¾	0	−0⅛	10.07
Sweden 9⅞ 89	100	99⅛	99⅝	0	−0⅛	10.00
Sweden 9⅛ 86	200	98⅜	98⅞	+0⅛	−0⅛	9.97
Sweden 9⅞ 84	100	99¼	99¾	−0⅛	−0⅛	10.01
Unilever NV 9⅛ 87	100	96⅞	97⅜	−0⅛	−0⅛	9.97
Warner-Lambert 9 84	100	96¼	96⅞	−0⅛	−0⅛	9.89

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 7⅛ 89	150	95⅜	96⅛	+0⅛	−0⅛	8.12
Asian Dev. Bk. 7¼ 89	100	98⅞	99⅜	+0⅛	+0⅛	7.39
Banco Desarrollo 7⅛ 86	100	94⅞	95⅜	+0⅛	0	8.28
Barclays O'seas 6¾ 89	100	98⅞	99½	+0⅛	−0⅛	6.87
Brazil 7⅛ 87	150	97⅛	97⅞	−0½	0	7.70
Brazil 8 87	150	100⅛	100⅝	+0⅛	−0⅛	7.97
CECA 7 91	150	98⅞	98⅞	+0⅛	+0⅛	7.17
Council of Eur. 7¼ 89	100	99½	100	0	+0⅛	7.30
Denmark 5⅞ 85	100	94⅞	95⅜	0	+0⅛	6.87
Denmark 6½ 89	100	94⅛	94⅝	−0⅛	−0⅛	7.30
EIB 6⅞ 91	200	94⅛	95⅛	−0⅛	−0⅛	7.15
EIB 7⅛ 89	200	101	101½	+0⅛	−0⅛	7.29
Eletrobras-Brazil 7 87	100	94⅞	95⅜	0	−7⅛	7.88
Eurofima 6⅛ 89	100	98⅝	99⅛	0	+0⅛	6.86
Finland 6 83	150	98⅝	99⅛	0	−0⅛	6.25
Mitsubishi Chem. 6⅞ 84	70	100⅛	101⅛	+0⅛	0	6.21
New Zealand 6⅞ 87	200	97¼	97⅞	−0⅛	−1⅛	6.68
Nippon Kokan 6⅝ 84	100	98⅞	99⅜	+0⅛	0	6.75
Nippon Tel. & T. 5½ 87	100	93⅞	93⅞	0	0	6.69
Nordic Inv. Bk. 6⅞ 86	60	96⅛	96⅞	+0⅛	−0⅛	7.02
Norges Komm. 7⅜ 91	150	103⅛	103⅝	+0⅛	−0⅛	7.31
Norway 6⅛ 84	200	99⅞	100⅛	+0⅛	−0⅛	6.21
Occidental 6⅞ 90	150	94⅞	94⅞	+0⅛	+0⅛	7.09
OKB 6½ 88	100	97⅝	99⅛	+0⅛	+0⅛	6.94
OKB 6 87	40	94	95	0	−0⅛	6.96
Tokyo Elec. Pwr 6½ 85	200	99⅛	99⅝	+0⅛	0	6.76
World Bank 6⅞ 88	400	93⅛	97⅞	+0⅛	−0⅛	7.27
World Bank 7¼ 91	400	101½	102	+0⅛	−0⅛	7.52

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 5½ 89	80	100⅞	101⅜	+0⅛	+0⅛	5.37
Asian Dev. Bank 3½ 94	100	84⅛	84⅝	−0⅛	−0⅛	5.03
Aumar 5 89	60	101⅛	101⅝	−0⅛	−0⅛	4.78
Austria 3⅛ 93	100	90⅛	90⅝	0	−0⅛	4.43
Australia 3⅝ 89	250	96⅝	95⅞	+0⅛	0	4.17
Bergen, City of 4¾ 91	40	102⅜	102⅞	+0⅛	+0⅛	4.45
BNDE 5 89	75	95	95½	0	0	5.65
Brazil 4¾ 88	100	95⅛	95⅝	+0⅛	+0⅛	4.86
Canada 3¾ 89	300	98⅛	98⅝	0	+0⅛	4.04
Council of Eur. 4¼ 90	100	100	100½	0	+0⅛	4.23
EIB 4⅛ 91	100	100¼	100⅞	0	+0⅛	4.46
Elec. de France 4⅜ 89	100	†100½	100⅞	0	0	4.30
Heron 4¼ 89	[illegible]	95⅝	96⅞	0	+0⅛	4.81
ICI Fin. NV 3⅞ 94	270	89⅛	89⅝	+0⅛	+0⅛	4.52
New Zealand 3¾ 94	120	89½	90	0	+0⅛	4.48
Nordic Bank 5 89	45	104	104½	+0⅛	+1	4.48
OKB 3¾ 91	100	91⅛	91⅝	+0⅛	+0⅛	4.72
Pfand Ost. Lands 4 90	80	94⅝	95⅛	0	−0⅛	4.60
Philippines 4⅜ 89	50	96⅞	97⅜	+0⅛	+0⅛	5.15
Spain 4 91	100	93⅜	93⅞	0	−0⅛	4.71
Stewead 4⅞ 91	60	102½	103	+0⅛	+0⅛	4.43
Voest-Alpine 4¾ 89	90	102⅛	102⅝	+0⅛	−0⅛	4.33
World Bank 4⅝ 89	100	†103	103½	−0⅛	−0⅛	4.22

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 83	30	94½	95⅛	−0⅛	−0⅛	7.12
Australia 6½ 88	20	90⅝	91⅛	0	−0⅛	8.04
EIB 7⅛ 89	12	98⅛	98⅞	0	0	7.37
Finland 5.6 83	10	93	93½	0	−0⅛	7.55
Finland 6.8 88	10	90⅝	91⅛	0	+0⅛	8.38

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Nordic I. Bk. 9 84 SDR	20	96⅜	97⅛	0	+0⅛	9.7
Avco Fin. 10⅛ 88 C$	25	95⅛	95⅝	+0⅛	−0⅛	11.1
Ex. Dev. Cpn. 10 84 C$	50	98⅛	98⅝	0	−0⅛	10.4
Fst. Can. Inv. 10 84 C$	30	96⅝	97⅛	−0⅛	−0⅛	10.9
Hudson Bay 10½ 89 C$	80	98⅛	99	0	−0⅛	10.6
Quebec 10½ 86 C$	50	96½	97	−0⅛	0	10.9
R. Bk. Canada 10 86 C$	40	98⅝	99⅛	+0⅛	0	10.2
R. Bk. Canada 10 94 C$	40	94½	95	0	−0⅛	10.7
Copenhagen 8⅝ 91 EUA	25	98⅝	99⅛	+0⅛	−0⅛	8.4
Komm. Inst. 7½ 93 EUA	15	93⅛	94⅛	0	0	8.2
SDR France 8⅞ 94 EUA	24	98⅞	99⅜	0	+0⅛	8.8
SOFTE 8⅝ 89 EUA	40	94⅝	95	0	−0⅛	8.9
Algemene Bk. 8⅝ 83 Fl	75	92⅛	93⅛	+0⅛	+0⅛	8.5
CFE Mexico 7⅛ 83 Fl	75	96⅛	97⅛	−0⅛	+0⅛	8.7
EIB 7⅛ 85 Fl	75	93⅛	93⅞	+0⅛	0	8.6
Ned. Middbk. 8⅝ 84 Fl	75	100⅞	101⅛	0	+0⅛	7.9
New Zealand 6⅞ 84 Fl	75	93⅜	94⅛	0	+0⅛	8.2
Norway 8⅛ 84 Fl	100	100	100½	0	+0⅛	8.1
Elf Aquitaine 9⅞ 88 FFr	150	91	92	0	0	11.2
Euratom 9⅞ 87 FFr	150	92⅛	93⅛	0	−0⅛	11.2
Norway 9⅞ 84 FFr	200	93⅛	94⅛	0	+0⅛	10.9
PSA Peugeot 9⅞ 87 FFr	175	91⅛	92⅛	0	−0⅛	11.4
Renault 9⅞ 85 FFr	100	93⅛	94⅛	0	+1⅛	11.2
Saint-Gobain 9⅞ 86 FFr	130	91⅞	92⅛	0	−0⅛	11.8
Solvay et Cie 9⅞ 87 FFr	125	91⅞	92⅛	−0⅛	0	11.2
Total Oil 9⅞ 87 FFr	150	89⅞	90⅛	0	0	11.3
Citicorp 10 93 £	20	90⅛	91⅛	+0⅛	−0⅛	11.1
EIB 9⅞ 88 £	25	90⅞	91⅛	+0⅛	+0⅛	11.3
EIB 11½ 91 £	25	96	96½	+0⅛	+0⅛	12.1
Finance for Ind. 13 91 £	15	102⅞	103½	+0⅛	+0⅛	12.4
Fin. for Ind. 12⅞ 89 £	20	100⅛	101⅛	0	+0⅛	12.3
Gen. Elec. Co. 12⅞ 89 £	50	101⅛	101⅞	0	−0⅛	12.2
Indonesia 8⅞ 91 KD	7	†97⅛	98⅛	0	−0⅛	9.1
Mitsubishi 7½ 84 KD	10	†97½	98	+0⅛	−0⅛	8.0
Norges Kom. 7⅞ 89 KD	12	†96⅛	97	0	+0⅛	7.3
Occidental 8⅛ 91 KD	7	†97⅛	98	−0⅛	+1⅛	8.4
Euratom 8 87 LuxFr	500	96⅛	97⅛	0	+0⅛	8.4
Norges Kom. 8 86 LuxFr	500	95⅛	96⅛	0	−0⅛	8.4
Oslo, City of 8 89 LuxFr	500	97½	98½	+0⅛	+0⅛	8.4
Solvay Fin. 8 85 LuxFr	500	96⅛	97⅛	0	0	8.4

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
BFG Fin. Co. 5½ 89	0⅛	98½	99	11/1	11	11.
BNDE 6 89	0⅛	96⅛	96⅞	21/9	11⅛	11.
Banco di Roma Int. 6 87	0¼	98⅛	99	26/10	11.19	11.
Bco. Nac. Argent. 7 86	0⅛	97½	98	22/9	11½	11.
Banco Prov. BA 7⅛ 85	0⅛	98⅞	99	12/6	11	11.
Banco Urquijo 6 86	0⅛	97⅞	98⅛	21/9	11⅛	11.
Bank of Tokyo 5½ 93	0⅛	99⅛	99⅛	18/10	11⅛	11.
Bq. Ext. d'Alg. 7⅛ 85	0⅛	95⅛	96⅛	2/11	11⅞	12.
Bque. Indo Suez 5⅞ 89	0⅛	98½	99	11/1	11	11.
Banque Sudameris 6 87	0⅛	97	97½	11/1	11⅛	11.
BNP 5½ 91	0⅛	98⅞	99⅛	22/2	11⅛	11.
Citicorp O/S Fin. 6 94	†0⅛	99⅛	100⅛	8/8	10.69	10.
Citicorp O/S 83	†0	99	99½	23/2	—	—
Creditanstalt 5½ 91	†0⅛	99⅛	99⅛	14/9	10⅞	10.
GZB 5½ 89	†0⅛	98½	99	1/11	11.44	11.
Gotabanken 6 88	0⅛	98⅛	99⅛	15/6	11½	11.
Ind. Bk. Japan 5½ 85	0⅛	99⅛	99⅞	1/12	10.94	10.
Jugobanka 8 89	0⅛	95⅛	96⅛	23/11	11⅞	12.
LTCB Japan 5⅞ 85	0⅛	99⅝	100⅛	9/10	11⅝	11.
LTCB Japan 5½ 89	0⅛	99	99½	7/12	11⅛	11.
Mfrs. Han. O/S 5⅞ 94	†0⅛	99⅛	99⅝	23/8	11.19	11.
Nacional Fin. 6⅛ 86	0⅛	98⅛	98⅝	26/1	11⅞	11.
Nat. West. 5½ 94	0⅛	98⅛	98⅝	11/10	11	11.
Nippon Credit Bk. 5½ 85	0⅛	99⅛	99⅝	22/12	10.94	11.
Nippon Credit Bk. 6½ 86	0⅛	97½	98⅛	12/1	10⅞	11.
Petro Mexicano 7 84	0⅛	99⅛	99⅝	24/1	11.44	11.
Privredna Banka 8 86	0⅛	95⅛	96⅛	20/12	11	11.
Royal Bank Scot. 5⅞ 94	†0⅛	98⅛	99⅛	11/10	11	11.
Sogenal 5⅞ 89	0⅛	98	98½	11/1	10.94	11.
Texas Int. Airways 7 86	†0⅛	96½	97	11/10	11.56	11
Trade Dv. Fin. Srv. 6 88	0⅛	98	98½	21/2	—	—
TVO Pwr. 8 91 (D-lock)	0⅛	97⅛	98⅛	24/11	11⅛	11
Utd. Overseas Bk. 6 89	†0⅛	97⅛	98⅛	29/9	11.14	11
Bq. E. d'Alg. 4⅞ 86 SF	0⅛	97	97½	18/12	4⅞	4

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
AGA Aktbolag 7⅞ 89	10/79	145	95⅛	95⅞	+0⅛	−6
Ciba-Geigy O/S F. 4 94	9/79	675	†96⅛	97⅛	+0⅛	2
Credit Suisse 4⅛ 93	10/79	1325	108⅞	109⅝	+0⅛	5
Esselte 7⅞ 89	9/79	159	98⅞	99⅜	+0⅛	−6
Honda Motor 5½ 88	5/79	532	98⅛	99⅛	−0⅛	−0
LPC International 8 89	3/79	35	†102	102½	−1	12
Nitto Elec. Ind. 6 94	7/79	735	87⅞	88⅝	−0⅛	5
Union Bank Switz. 5 89	2/80	1250	108⅛	109⅛	0	−31
Fujitsu 5 84 DM	7/79	475	103	104	−0⅛	15
Kansai Elec. 4 84 DM	4/79	1350	88⅛	89⅛	0	50
Marudai Food 3½ DM	2/79	1083	82⅝	83⅛	0	47
Nippon Yen 3½ 85 DM	1/79	251	†110⅛	111⅛	−0⅛	−2
Sharp Corp. 3½ 88 DM	2/79	487	91⅛	92⅛	−0⅛	8
Tokyo Elec. 3½ 87 DM	4/79	476	†94⅛	95⅛	+0⅛	48
Tokyu Ld. Cp. 4 86 DM	4/79	493	83⅛	84⅛	−0⅛	29

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. *Spread = Margin above six-month offered rate (‡ three-month) for U.S. dollars.* C.cpn = The current coupon. C.yld = The current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Akzo considers dividend payment

BY CHARLES BATCHELOR IN AMSTERDAM

O, the Dutch chemicals and group, reports a marked ovement in profits in the half of 1979. The upturn, ced by stock profits, is ted to continue in the cur- half of the year though the of improvement will slow. group hinted strongly at ess conference yesterday it would pay an interim end later this year since profits improvement was r than expected. However, Ruud Ovezall, administra- director, refused to commit —which has not declared idend since the Fl 4 of 1974 restoring the payment.

As you can see from the res the expected improve- it has occurred and we will sider a dividend in the rth quarter of the year. How- r, no decision has yet been en," he emphasised.

The company reported a four- d increase in net profit in second quarter to Fl 62.2m ($31m) compared with the same 1978 quarter. This meant first half profit rose more than six-fold—to Fl 101.6m from Fl 15.8m in the first half of 1978. Net profit per share rose to Fl 2.10 from Fl 0.45 in the second quarter and to Fl 3.43 from Fl 0.53 in the first half.

Sales in the second quarter rose 14 per cent to Fl 3.05bn ($1.52bn) while first half turnover was 12 per cent higher at Fl 5.95bn. Volume sales rose 7 per cent and prices rose 8 per cent, though the conversion of mainly dollar sales prices into guilders cut 3 per cent off the total.

Akzo's operating profit rose 62 per cent in the second quarter to Fl 164.3m, while the increase in the first half was 64 per cent to Fl 314.9m. Costs rose more slowly than revenues—by 10 per cent in the first half—and depreciation and interest charges were little changed. The tax charge was only slightly higher because profits in the Netherlands could be set against accumulated losses for fiscal purposes.

The second half performance will be adversely affected by the usual seasonal downturn in the third quarter and by uncertainties over the cost of raw materials and energy, the company said. Customers have also built up extra stocks in the first half and this may be reflected by a decline in demand in the current six months.

Akzo's results have been "considerably enhanced" by inventory profits on petrochemicals following the sharp rise in raw material prices, Mr. Ovezall pointed out. This led to an increase in the value of stocks of Fl 114m in the first half, including Fl 58m in the second quarter.

The company is distributing the effect of these increases over a longer period. Their impact on the operating result in the first and second 1979 quarters was Fl 14m and Fl 29m respectively, and the remaining Fl 71m will be accounted for in forthcoming quarters. The impact on the net profit was Fl 22m in the second quarter and Fl 10m in the first.

Operating profit in the chemical fibres sector rose to Fl 26m in the first half from Fl 8m in 1978. This was due to higher volume sales and prices, although margins are still "unsatisfactory." Profits from chemical products and coatings rose to Fl 154m from Fl 67m while the pharmaceuticals, consumer and other products division increased profit to Fl 151m from Fl 132m.

Akzo invested Fl 186m in the first half, compared with Fl 200m in the same 1978 period. This was less than depreciation of Fl 244m. It also approved projects worth Fl 261m.

Currency weakness helps Hongkong Bank

BY PHILIP BOWRING IN HONG KONG

THE HONGKONG and Shanghai Banking Corporation has turned in a better than expected group first half profit increase of 37 per cent to HK$432m (U.S.$84.3m), and the interim dividend has been raised by four cents to 24 cents on capital recently increased by a one-for-two scrip issue.

The Hongkong Bank's result is in line with its subsidiary Hang Seng Bank which last Friday reported a similar increase for the half year. Although in 1978 the parent had outperformed the Hang Seng, it had been widely expected that this year the Hang Seng would do better due to the buoyancy of local lending and interest rates. The Hongkong Bank's result will have benefited from the impact of its overseas earnings which will have been boosted by the decline in the HK dollar.

The bank said it was expecting second half results to be commensurate with those of the first, indicating full year earnings of close to HK$1bn. Directors said they expect the final dividend to be 48 cents against an unadjusted 60 cents last year making a total 72 cents on the increased capital against 80 cents.

They said that the expected slowdown in the major world economies had not "fully materialised" and was not significantly affecting group business. However it remains the case that the main cause of profit increase has been the surge in lending in Hong Kong itself, which has been increasing at an annual rate of about 40 per cent. The Hongkong Bank has been in the forefront of this lending.

Only last week a new record prime rate of 14.5 per cent was announced, precipitating a 23 point fall in the Hang Seng index on Monday which was followed by a further 13 point fall before the announcement of the bank result. The market, which has been looking for around a HK$ 415 profit, may be strengthened by the result.

The bank is still pressing ahead with its U.S.$ 300m bid for the U.S. based Marine Midland Banks. A month ago it withdrew its application for permission to proceed with the acquisition from Miss Muriel Siebert, the New York Banking Superintendent after Marine Midland indicated it intended to approach Mr. John Heimann, U.S. Comptroller of Currency, for a national charter.

* * *

HONGKONG ELECTRIC (HOL Hongkong Electric (Holdings) profit for the six months ending June 30 of 14 per cent to HK$ 105.3m (U.S.$ 20.6m) on turnover 32 per cent higher at HK$ 387m.

Earnings per share improved to 16.6 cents from 14.5 cents and the dividend was held at 9 cents on capital increased by a one-for-five scrip issue.

The company said the full year profits should be "marginally" up on 1978s figure of HK$ 255m

Boliden upgrades forecast

By Victor Kayfetz in Stockholm

BOLIDEN, the Swedish metals, chemicals, and mining group, recorded a pre-tax profit of SKr 163m ($39m) in the first six months of 1979 against a loss of SKr 4m a year earlier, but second-quarter earnings at SKr 77m were lower than the SKr 86m for January-March.

The Group nonetheless has raised its forecast of 1979 pre-tax profit upward to SKr 330m from the SKr 300m predicted in May, basing the change on improved earnings in the chemical sector.

Boliden's sales in the first half rose by 24 per cent to SKr 1.75bn ($421m). Markets in all of the group's fields of operation continued to develop favourably but "signs of an economic slowdown in the United States, oil price hikes and a weak dollar caused drops in the price of copper, lead and zinc at the end of this period. A recovery has now occurred, even for zinc."

Boliden believes that, on the whole, its earlier estimates of metal price trends for 1979 remain correct, and adds that a shortage of certain basic chemicals has resulted in price rises. Despite occasional production disturbances at the copper works at Roennskaer, in northern Sweden, and at its mines, Boliden said that production has gone well so far.

The group expects its improved earnings to reduce net financial costs for 1979 to SKr 80m, against SKr 92m last year. Mid-yera liquidity was SKr 328m, or SKr 96m higher than a year earlier.

The group has decided to build a nitric acid factory at Koping, in Sweden, at an estimated cost of SKr 150m.

First-half gain at Danske bank

By Hilary Barnes in Copenhagen

DANSKE BANK reports a rise in first-half operating profits from SKr 158m last year to SKr 210m. It said the results for the year would show a similar increase.

After allowing for the adjustment of security values, the bank said earnings were up from SKr 215m to SKr 413m. The increase in operating profits was partly due to "success" in keeping costs under control although these rose by ... per cent.

Upturn at Mannesmann Demag

BY JONATHAN CARR IN BONN

MANNESMANN DEMAG, a key element within the diversified West German engineering group, Mannesmann, increased profits in the first half of this year and expects a satisfactory result for 1979 as a whole.

The company, which specialises in metal work, construction equipment and plastics machinery, has clearly shared in the general upswing of demand to the domestic engineering industry this year. Overall order intake was up by just 6 per cent against the first half of 1978 to DM 1.2bn ($655m), of which Mannesmann Demag's foreign affiliates booked about a quarter. However, a sudden burst of large orders to be included in the July figures means that the result for the first seven months will be 23 per cent higher than in the same period last year.

Construction machinery contributed particularly strongly to these orders results, mirroring not only the domestic building boom, but also the continuing buoyancy of foreign demand, for example from the Soviet Union and Nigeria.

First-half sales rose by 7 per cent to DM 11.2bn, with foreign turnover up by 16 per cent to DM 795m, counteracting a fall of 8 per cent at home. The Mannesmann Demag group plans to invest a total of DM 60m this year—roughly as much as in 1978—about DM 8m of it abroad.

* * *

BASF, the West German chemicals concern, is making an acquisition which will give it access to the U.S. market for vehicle paint. BASF's U.S. subsidiary is taking a 49 per cent stake in the vehicle paint section of the Cook Paint and Varnish Company of Kansas City, with the option to buy further shares after September 1, 1980.

This sector of Cook's overall paint and varnish activities is run as an independent unit. Its production facilities in Detroit, Michigan, have an annual capacity of 28,000 tonnes and its sales last year totalled $22.5m. A BASF spokesman declined to give a figure for the transaction, and emphasised that the deal involved only vehicle paint, not a move to take over the whole Cook concern.

BASF already has paint production facilities in Britain, France, Spain, Brazil and India as well as in West Germany. The move into the U.S. is seen as a natural development, as well as a display of confidence in the future of the U.S. vehicle industry despite its current problems. Cook paint serves all major U.S. vehicle firms.

This year 17 per cent of BASF's total investment has been allocated outside Europe, compared with 14 per cent last year.

Slow six months earnings progress for Tiger Oats

BY JIM JONES IN JOHANNESBURG

TIGER OATS, one of South Africa's largest diversified food groups is gradually reaping the reward of recently completed capital expenditure programmes. For the six months to June 30, 1979 the group has reported an 18.4 per cent turnover increase to R418m ($501m) from R353m.

In the highly competitive local food market, however, margins are still under pressure, and Tiger's pre-tax profit rose by 4.2 per cent to R29.48m compared to R28.30m. After a lower tax payment earnings advanced 9.5 per cent to R15.65m from R14.29m.

Despite increasing liquidity in the hands of South African consumers, and steady improvements in living standards of urban blacks, there seems little reason to expect a rapid advance in spending on food. Tiger's board, in looking at likely results for the second-half of this year, is cautious in predicting only that the present rate of growth will be maintained. In 1978, Tiger earned R52.5m before tax on a turnover of R770m.

The company continues to aim at growth through acquisition. At the end of June the group had capital commitments of R20m — R11m higher than at the end of December — part of which is earmarked for acquisition of wheat and maize millers, Bremer Meulens.

From first half earnings per share of 125 cents, Tiger has declared a 28 cent interim dividend compared to a payment of 25 cents in 1978. From 1978 earnings per share of 230 cents, dividends totalling 58 cents were declared.

Australian electrical groups ahead

By James Forth in Sydney

ELECTRICAL groups Simpson Pope Holdings and Email, which earlier ths year locked horns in a takeover battle for Kelvinator Australia, have reported buoyant profit results.

Simpson Pope boosted earnings 35 per cent to A$3m (US$3.4m) in the year to June 30, and has raised its dividend from 5 cents a share to 5.5 cents, on capital increased by a two-for-five rights issue. The result does not include any earnings from another electrical appliance group, Malleys, acquired after Simpson Pope pulled out of the Kelvinator fight.

The directors said they expected further improvement in the current year, but that advantages from the rationalisation with Malleys would take some time to flow through.

Email lifted its earnings by 20 per cent to A$3.6m (US$4.1m) in the June half year. The result excludes any contribution from its 50 per cent holding in Kelvinator. The interim dividend is held at 3 cents a share, but is payable on capital raised last December by a one-for-five scrip issue.

The company is currently seeking to acquire the remainder of Kelvinator through a share swap on the basis of three Email for every two Kelvinator. The directors of Kelvinator have recommended acceptance.

Smorgon takes control of ATL

BY OUR SYDNEY CORRESPONDENT

SMORGON GROUP has settled its protracted bid for control of ATL, the betting systems operator. In a market operation, mainly centred in Sydney, Smorgon picked up about 1.4m ATL shares, which took its stake in the company past 50 per cent.

The shares were all acquired at A$ 1.25 each— the price at which Smorgon has stood in the market since August 14.

Smorgon has spent A$5.4m (U.S.$ 6.1m) to gain control of ATL, averaging A$1.34 a sh--

Zurich bourse meets with rising volume

BY JOHN WICKS IN ZURICH

TURNOVER on the Zurich Exchange for the first six months of 1979 was of SwFr 68.4bn ($41.32bn), or ... per cent higher than that in the corresponding period of last year. Total bargains rose ... per cent to 153,587.

If the upsurge in turnover will continues at something like the present rate, make 1979 ...ss a record. The previous ... was in 1977, with turnover ... ng SwFr 111.99bn, or $67.67bn.

The Basle Bourse turnover ... to SwFr 15.5bn ($9.36bn), compared with SwFr 12bn. ...ns total rose from 42,960 to 48,270 over the period. The Geneva Stock Exchange does not publish turnover figures but the Swiss National Bank reports a rise in the number of bargains for the first half of this year to 49,902, compared with 43,418.

* * *

SWISS engineer, Sulzer Brothers, has gained control of the Dallas Company Camsco Inc. by exercising option rights following the purchase in March, 1978, of an initial 23 per cent in Camsco. The Texas undertaking is engaged in the manufacture, servicing and marketing of electronic automation equipment, particularly for the textiles industry. Sulzer is itself a leading international producer of textile machinery.

* * *

UNION BANK of Switzerland and its fund administration affiliate Intrag AG, have created a special investment fund for fixed-interest Japanese securities. To be known as Yen-Invest, the fund has just offered its first certificates at a price of SwFr 500 each. The fund was set up in view of what the bank and Intrag consider the promising prospects of such securities with regard to both earnings and exchange rates. Yen bonds are said to be only "little known" in Switzerland.

* * *

ZURICH Insurance has acquired Shield Life Assurance of Sydney, through its existing Australian subsidiary. According to Zurich Insurance, premium volume of the new acquisition is of some A$3.6m. The transaction will increase Zurich's premium volume in Australia to about A$40m and total assets to nearly A$100m. The Swiss concern already owns C.G.A. Fire and Accident Insurance and Commonwealth General Assurance, also of Sydney.

Dow declines 2 points in early active trade

INVESTMENT DOLLAR PREMIUM

$2.60 to £1—31¼% (30½%)
Effective $2.2105 11¾% (11½%)

STOCKS TURNED lower in moderately active trading after opening higher.

Investors, analysts said, were discouraged by the rise in the broker loan rate by Chase Manhattan Bank yesterday morning to 11¾ per cent and by Security Pacific National Bank to 11¾. Increases in the broker loan rate often precede a rise in the prime rate, presently at 12 per cent, analysts said.

Closing prices and market reports were not available for this edition.

President Carter's statement earlier that immediate decontrol of oil and natural gas would be ill-advised may have given investors an excuse for some profit-taking, they said.

The Dow Jones Industrial Average was almost two points lower, and declines led advances by a small margin. Volume was more than 13m shares.

Oil stocks were mixed, but some electronic and computer stocks, which were strong on Monday, eased yesterday.

Getty Oil, a big gainer during the past two trading days, lost one to 56¼.

Among electronic and computer stocks, National Semiconductor eased ⅛ to 29¼, Texas Instruments ¾ to 98¾, Motorola ⅛ to 49⅞ and Digital Equipment ⅛ to 64⅞. IBM slipped ⅛ to 70⅞.

Harrah's gained 1 to 31¼. Analysts said that Holiday Inns' plans to sell its Trailways subsidiary increases the likelihood the company will acquire Harrah's.

American Stock Exchange prices were mixed with the index off 0.14 to 213.73, but advances led declines by a slim margin on volume of 2.19m shares.

The most active, Houston Oil and Minerals, lost ⅜ to 22⅞. Imperial Oil "A" was up ⅛ to 33⅛ and Petro Lewis, up 1 to 17⅜.

American Garden Products gained ⅝ to 14½. It is considering selling the company.

Canada

The market continued to advance in heavy trading as the Composite Index rose 11.6 to 1,652.3. All 14 indices were higher and gains outnumbered losses by almost two to one.

Oil and Gas issues became mixed as Gulf Canada fell 1½ to 69½, Numac Oil ⅜ to 42⅞, Husky Oil ⅜ to 62½ and BP Canada ⅛ to 30⅞. Imperial Oil "A" rose ⅛ to 38⅛ and Asamera Oil ⅜ to 18⅞.

Integrated Mines continued a broad advance as Cominco rose 1⅜ to 49⅜, Falconbridge Nickel "A" 1½ to 66½, INCO ⅜ to 23⅜ and Hudson Bay Mining ⅜ to 23⅜.

Volume was 3,503,359 shares compared with 2,736,846 in the previous session.

In Montreal, the market moved higher in active trading as the Composite Index rose almost two points and all leading indices, with the exception of papers, advanced.

Bank shares were higher as Royal rose ½ to 44⅞, Bank of Nova Scotia ⅜ to 25 and Bank of Montreal ⅛ to 24⅛.

Volume at noon was 352,240 shares compared with 260,776 on Monday.

Australia

Market trading was quiet in anticipation of the Federal Budget, but prices remained firm. The industrial boards providing the highlights, dealers said.

Over 1m shares in Electronics group ATL were traded which, with 240,000 sold in Melbourne at A$1.25 represented about 15 per cent of issued capital and brokers said the Melbourne-based Smorgon Group was the buyer, lifting Smorgon's holding in ATL to around 40 per cent.

In Melbourne the Ampol-Ansett situation remained interesting with an as-yet-unidentified new Ampol buyer of Ampol active, with Ampol steady at 90 cents and Ansett easing 3 cents to A$1.53.

Oils were firm, while among mining stocks Western Mining eased a cent to A$2.83, CRA eased 10 cents to A$3.70 and Renison closed steady at A$12.25.

Amsterdam

Share prices rose, with Philips unchanged in otherwise higher Dutch Internationals, dealers said.

AKZO rose Fl 0.10 to Fl 29.80 but then firmed to between Fl 30 and Fl 30.20 on its higher second quarter profit. Royal Dutch put on Fl 1.40 and Unilever Fl 1.20, while Hoogovens gained Fl 0.80 ahead of Estel's second quarter results today. RSV, shippings, banks and insurances were all firm, although NMB was unchanged, as was KLM. Fokker, OCE and Deli were among isolated losers.

State Loans tended easier.

Paris

Quiet trading and share prices continued steady with no new factors visible dealers said.

Most sectors firmed although Metals eased and Properties and Investments were mixed.

Foreign Stocks firmed generally except Coppers which lost some ground.

Brussels

Belgian share prices were mixed in quiet trading, bourse sources said.

Cockerill, Clabecq, ACEC and CBR rose, while Reserve, Hoboken, FN, Tessenderloo and Finoutremer fell.

In Foreign Stocks, UK were mixed, Dutch and U.S. were higher, Germans little changed and French lower. Gold mines were steady. Petrofina, American Petrofina and Canadian Petrofina all rose.

Hong Kong

The Hang Seng Index lost a further 13.64 points to close at 578.17 after a day of moderate persistent selling by local investors after news of an increase in the local prime rate from 13 to 14½ per cent, which took effect today, dealers said.

With yesterday's further decline the Hang Seng Index has lost a cumulative 35.91 points since trading began on Monday.

Dealers said selling eased off slightly towards the close, ahead of the half yearly results for Hongkong Shanghai Bank which will set the tone for today's trading.

Some dealers believed the bank results would disappoint market expectations and that the statement on the local economy which usually accompanies the results would be bearish.

In yesterday's trading, dealers said, the market gained some relief when Hong Kong Electric did not announce an expected rights issue when it declared its half yearly results. Its shares closed *0.75 cents off* at HK$4.525 and Hongkong Bank 20 off at HK13.30, while Hutchison Whampoa lost 20 to HK$4.80, Jardine Mathieson 10 to HK$11.10 and Swire Pacific "A" 35 to HK$8.00.

Milan

Stocks closed mixed in active trading.

Assicurazioni Generali, Bastogi, Fiat, Pirelli and Mediobanca eased but Montedison strengthened on the possibility of good results in the search for oil off the Sicilian coast, bourse sources said. SNIA Viscosa, Pirelli Spa and both Olivettis gained. Bonds were mixed.

Germany

Prices were mostly lower in medium turnover, with leading banks and autos substantially weaker, bourse sources said.

Daimler and VW fell DM 1.50 each and BMW lost one, while in leading banks Commerzbank dropped DM 2.30, Dresdner two and Deutsche *DM 1.60*.

Major chemicals lost up to DM 0.30, except for Schering which was down DM 2.80, while in electricals Siemens was down DM 0.20 and AEG down DM 0.80.

On the bond market, public authority issues were little changed in thin turnover, but showed a few gains of up to DM 0.10 and losses of up to DM 0.20.

The Bundesbank sold a nominal DM 1.7m of paper after selling 0.8m the day before. Mark foreign loans tended slightly firmer.

Switzerland

High volume of trading and prices closed higher with leading shares continuing to feature a *sustained rally*, dealers *said*.

Gains were strongest in Swissair, Oerlikon-Buehrle, Schindler Bearer and Ciba-Geigy. Unofficially quoted shares also rose.

A firmer bias after a long period of neglect was also seen by dealers in well maintained domestic and foreign bonds.

Dollar stocks closed slightly below overnight New York closing levels, while German shares closed narrowly mixed.

In Dutch Internationals, Unilever and Royal Dutch rose, while Akzo and Philips were little changed.

Johannesburg

Gold shares firmed in fairly active trading shadowing bullion prices, dealers said.

The Financial Rand was unchanged at 85.5 U.S. cents. West Deep put on 50 cents to 1,825 cents while Randfontein shed 75 to 5,925.

Mining Financials were mixed where changed in quiet trading and De Beers shed five to 875 ahead of interim figures.

Indices

NEW YORK — DOW JONES

	Aug. 20	Aug. 17	Aug. 16	Aug. 15	Aug. 14	Aug. 13	1979 High	1979 Low	Since Compil'n High	Since Compil'n Low
♦ Industr'ls	888.52	883.36	884.84	885.34	876.71	879.28	885.84 (15/8)	807.00 (27/2)	1051.70 (11/73)	41.22 (2/7/32)
H'me B'nds	85.88	86.07	85.86	86.10	85.80	85.74	86.10 (15/8)	82.32 (8/5)	—	—
Transport.	278.31	269.70	269.96	271.77	269.58	268.11	271.77 (15/8)	205.78 (27/2)	279.88 (7/2/69)	12.32 (8/7/32)
Utilities	109.24	109.13	109.00	108.95	108.86	108.48	108.75 (17/8)	98.51 (18/6)	163.32 (20/4/69)	10.58 (28/4/42)
Trading Vol 000's	33,830	31,740	47,588	48,250	41,010	41,880	—	—	—	—

♦ Day's high 890.45 low 878.07.

	Aug. 10	Aug. 3	July 27	Year ago (approx)
Ind. div. yield %	5.64	5.73	5.76	5.26

STANDARD AND POORS

	Aug. 20	Aug. 17	Aug. 16	Aug. 15	Aug. 14	Aug. 13	1979 High	1979 Low	Since Cmpil'n High	Since Cmpil'n Low
‡Indust'ls	120.66	120.01	119.70	119.89	118.86	118.31	120.07 (17/8)	107.08 (27/2)	134.54 (11/1/73)	3.52 (30/6/32)
§Composite	108.83	108.36	108.09	108.25	107.52	107.42	108.59 (17/8)	96.13 (27/2)	125.85 (11/1/73)	4.40 (1/6/32)

	Aug. 15	Aug. 8	Aug. 1	Year ago (approx)
Ind. div. yield %	5.02	5.15	5.22	4.70
Ind. P/E Ratio	8.41	8.21	8.07	9.39
Long Gov. Bond Yield	8.89	8.85	8.91	8.54

N.Y.S.E. ALL COMMON

Aug. 20	Aug. 17	Aug. 16	Aug. 15	1979 High	1979 Low
62.08	61.70	61.56	61.68	61.68 (15/8)	53.88 (27/2)

Rises and Falls

	Aug. 20	Aug. 17	Aug. 16
Issues Traded	1,895	1,892	1,909
Rises	802	694	697
Falls	673	738	797
Unchanged	420	460	415
New Highs	—	80	162
New Lows	—	3	4

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
♦ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax.
♥ Pta 500 denom. unless otherwise stated.
♣ DKr 100 denom. unless otherwise stated.
♠ SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. § Price at time of suspension. *a* Florins. *b* Schillings. *c* Cents. *d* Dividend after pending rights and/or scrip issue. *e* Per share. *f* Francs. *g* Gross div. %. *h* Assumed dividend after scrip and/or rights issue. *k* After local taxes. *m* % tax free. *n* Francs including Unilac div. *p* Nom. *q* Share split. *s* Div. and yield exclude special payment. *t* Indicated div. *u* Unofficial trading. *v* Minority holders only. *y* Merger pending. * Asked. † Bid. § Traded. ‡ Seller. *z* Assumed. *xr* Ex rights. *xd* Ex dividend. *xc* Ex scrip issue. *xa* Ex all. Δ Interim since increased.

EUROPEAN OPTIONS EXCHANGE

Series		Oct. Vol.	Oct. Last	Jan. Vol.	Jan. Last	April Vol.	April Last	Stock
ABN C	F.340	20	3.50	—	—	—	—	F.337
ABN C	F.354.20	5	0.80	—	—	—	—	"
AKZ C	F.25	—	—	—	—	4	6.80	F.30.10
AKZ C	F.27.50	59	3	13	4.20	—	—	"
AKZ C	F.30	163	1.40	78	2.10	20	3.40	"
AKZ C	F.32.50	20	0.60	10	0.90	—	—	"
AKZ C	F.35	100	0.20	—	—	—	—	"
AKZ P	F.30	3	1.10	—	—	3	1.20	"
ARB C	F.75	—	—	3	2.50	—	—	F.72.60
FNC C	$25	10	1⅜	—	—	—	—	$26
HO C	F.27.50	5	6.90	—	—	—	—	F.33.50
HO C	F.30	2	4.50	1	5.20	—	—	"
HO C	F.32.50	56	1.80	33	3.10	2	3.80	"
HO C	F.35	—	—	32	1.50	—	—	"
IBM C	$70	2	4	—	—	20	7⅛	$71⅝
IBM C	F.80	—	—	15	1⅜	—	—	"
KLM C	F100	13	9	—	—	—	—	F.106
KLM C	F.110	—	—	12	6.70	13	9.20	"
KLM C	F.120	—	—	30	3.10	—	—	"
KLM P	F.100	—	—	[illegible]	3	10	3.60	"
NN C	F.115	1	3	—	—	—	—	F.114.70
NN C	F.120	—	—	[illegible]	2.70	—	—	"
PET C	Fr.5500	5	100	6	2.90	10	4.00	Fr.60.40
PHI C	F.25	296	0.50	32	1.10	—	—	F.24.10
PHI C	F.27.50	1	0.10	20	0.40	—	—	"
PHI P	F.25	—	—	5	1	—	—	"
PRD C	$35	4	½	—	—	—	—	$29⅞
RD C	F.145	1	4.7	—	—	—	—	F.148.30
RD C	F.150	97	2.50	25	4.70	4	7.50	"
RD C	F.160	—	—	79	2.20	—	—	"
RD P	F.140	—	—	20	2.30	5	3.50	"
RD P	F.145	21	3.10	—	—	—	—	"
UNI C	F.130	15	2.50	—	—	—	—	F.129.20
XRX C	$70	—	—	3	3½	—	—	$67⅞
		Nov.		Feb.		May		
BAZ C	$45	—	—	—	—	15	7	$47¾
BAZ C	$50	4	2⅝	—	—	—	—	"
OXY C	$20	6	5¼	—	—	—	—	$25
OXY C	$25	3	1⅝	10	2¼	—	—	"
SLY C	$80	—	—	1	7¼	—	—	$83¾

TOTAL VOLUME IN CONTRACTS 1421

C=Call P=Put

BASE LENDING RATES

A.B.N. Bank	14 %	■ Hill Samuel	§14 %
Allied Irish Bank Ltd.	14 %	C. Hoare & Co.	†14 %
Amro Bank	14 %	Julian S. Hodge	15 %
American Express Bk.	14 %	Hongkong & Shanghai	14 %
Henry Ansbacher	14 %	Industrial Bk. of Scot.	14½%
A P Bank Ltd.	14 %	Keyser Ullmann	14 %
Associates Cap. Corp.	14 %	Knowsley & Co. Ltd.	15½%
Banco de Bilbao	14 %	Lloyds Bank	14 %
Bank of Credit & Cmce.	14 %	London Mercantile	14 %
Bank of Cyprus	14 %	Edward Manson & Co.	15 %
Bank of N.S.W.	14 %	Midland Bank	14 %
Banque Belge Ltd.	14 %	■ Samuel Montagu	14 %
Banque du Rhone et de la Tamise S.A.	14½%	■ Morgan Grenfell	14 %
Barclays Bank	14 %	National Westminster	14 %
Bremar Holdings Ltd.	15 %	Norwich General Trust	14 %
Brit. Bank of Mid East	14 %	P. S. Refson & Co.	14 %
■ Brown Shipley	14 %	Rossminster	14 %
Canada Perm't Trust	14 %	Ryl. Bk. Canada (Ldn.)	14 %
Cayzer Ltd.	14 %	Schlesinger Limited	14 %
Cedar Holdings	14 %	E. S. Schwab	15 %
■ Charterhouse Japhet	14 %	Security Trust Co. Ltd.	15 %
Choulartons	14 %	Shenley Trust	16 %
C. E. Coates	14 %	Standard Chartered	14 %
Consolidated Credits	14 %	Trade Dev. Bank	14 %
Co-operative Bank	*14 %	Trustee Savings Bank	14 %
Corinthian Secs.	14 %	Twentieth Century Bk.	15 %
Credit Lyonnais	14 %	United Bank of Kuwait	14 %
The Cyprus Popular Bk.	14 %	Whiteaway Laidlaw	14½%
Duncan Lawrie	14 %	Williams & Glyn's	14 %
Eagil Trust	14 %	Yorkshire Bank	14 %
English Transcont.	14 %		
First Nat. Fin. Corp.	15½%		
First Nat. Secs. Ltd.	15½%		
■ Antony Gibbs	14 %		
Greyhound Guaranty	14 %		
Grindlays Bank	‡14 %		
■ Guinness Mahon	14 %		
■ Hambros Bank	14 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 11½%. 1-month deposits 11½%.
† 7-day deposits on sums of £10,000 and under 11½%, up to £25,000, 12% and over £25,000 12¼%.
‡ Call deposits over £1,000 11½%.
§ Demand deposits 11½%.

هكذا من الأصل

COMMODITIES AND AGRICULTURE

هكذا من الأصل

Threat to Malaysian palm oil

By Our Own Correspondent

KUALA LUMPUR—Malaysian authorities have issued a warning to syndicates to stop selling inferior palm oil seedlings to smallholders.

Several large plantation groups, including Guthrie, and Harrisons and Crosfield, have complained that syndicates have been using their brand names to pass on inferior palm oil seedlings to smallholders and small estates.

The plantation groups, which have spent millions of dollars developing the high quality seedlings, say they are getting a bad name, and losing money because of the syndicates.

Telling the racketeers to stop the practice, which is fairly widespread, Mr. Paul Leong, the Minister of Primary Industries, said the use of inferior seedlings could have serious implications for the palm oil industry.

Currently, the tenera seedlings have been found to produce the best results. Given good management, these plants could yield an average of 25 to 27 tonnes of fruits per hectare a year, equivalent to 5.5 to 5.9 tonnes of oil.

The inferior seedlings, although cheaper, could only yield half that.

Peninsular output up

KUALA LUMPUR — Peninsular Malaysian rubber production in May rose to 115,173 tonnes from 79,123 tonnes in April and 104,346 tonnes in May 1978, according to preliminary Statistics Department figures.

Imports rose to 5,146 tonnes from 3,439 in April and 3,708 tonnes in May last year.

Local consumption totalled 3,573 tonnes in May against 3,572 tonnes in April and 3,234 tonnes in May 1978, the figures show.

Reuter

Indian tea output down

CALCUTTA—Tea production in India during the first six months of 1979 totalled 175.86m kilos compared with 194.19m in the same period last year, the Indian Tea Board reported.

Industry sources said the shortfall increased to 25m kilos during July, mainly due to adverse weather in north east India.

Copper rally reverses early downturn

BY JOHN EDWARDS, COMMODITIES EDITOR

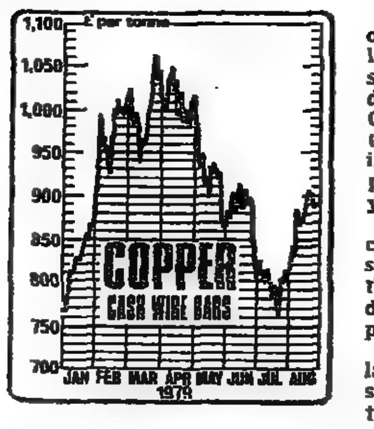
COPPER PRICES rallied strongly on the London Metal Exchange yesterday after a weak opening following the overnight fall in New York. Three months wirebars fell to £873 a tonne in early trading but recovered to £892 on the late kerb.

The closing price, however, was £7 down on the previous day at £882.25, while cash wirebars was £8 down at £887.5.

Evidently London traders did not feel that Monday's sudden fall in copper prices, triggered by speculators in New York, was justified. As a result, the decline was quickly halted by buying interest at the lower levels and the New York market then opened on a higher note.

Opinion in the market is still divided as to whether the unexpected surge in prices during the normally quiet month of August is justified, especially in view of the gloomy predictions of an industrial recession developing in the U.S.

Latest estimates show little sign yet of demand for copper declining significantly. Warehouse stocks continued to decline and cash wirebars are at a premium price to the three months quotation. Both not normally associated with a "bear" market. The premium for quality copper remains at between £8-£12 a tonne, emphasising the shortage of good brands and the cutbacks in supplies from the Copperbelt, particularly Zaire.



According to the latest issue of the Copper Monitor, published by the Commodities Research Unit, copper mine production dropped in the non-Communist world by 176,000 (5.57 per cent) to 2.92m tonnes in the first half of 1979 compared with the same period last year.

It attributes the recent rise in copper prices primarily to the shortage of stocks available to the market, as a result of demand continuing to outstrip production.

However, it is thought speculators moving out of gold, and seeking some alternative protection against inflation, may also have played an important part.

If this is so, the market is obviously vulnerable to speculative "raids" pushing prices either up or down.

Supply projections suggest the fundamental trend should be upwards, but lurking in the background is the fear of a sharp decline in demand as the expected downturn in industrial activity begins to be more widely felt.

Higher grain prices forecast

BY OUR COMMODITIES STAFF

WORLD CEREALS production this year will be 1.388bn tonnes, according to the U.S. Department of Agriculture's latest circular. Although the harvest will be the second biggest in history, exceeded only by last year's production, stocks will fall and prices will rise. The department also forecasts an increase in world grain trade to record levels.

World consumption is expected to reach 1.421m tonnes, up from 1.409m tonnes last year, mainly as a result of increased use in the U.S.

Expansion of North American livestock herds will probably account for a large part of the increased consumption there.

The increases in use are expected to lead to a reduction in end-of-season stocks next year of 33m tonnes, bringing reserves down to 186m tonnes.

The slow rate of purchases so far, rising prices and increased demands for foreign exchange in other sectors of the Chinese economy, have prompted the USDA to reduce its forecasts of China's grain imports during the year.

It now says imports will total 10m tonnes, down 1m from last year. The Chinese harvest is also looking healthy with wheat output forecast to rise 3m to 48m tonnes and production of coarse grains expected to climb 2.5m to 83m tonnes.

Bad weather has hit the rice crop in the People's Republic, however, and the harvest is now expected to yield only 139m tonnes compared with last month's estimate of 141.5m tonnes.

Since forecasts a month ago, the department has raised its projection of U.S. grain exports this year by 8 per cent to 38m tonnes—half of which should be wheat. This reflects greater demand from the Soviet Union and an expected fall in exports from India, Turkey and Eastern Europe.

The USDA hints at concern about the affects of recent dry weather on crops in Argentina. Canada and Australia have also been affected by cold and drought, but both countries are reported to have ample stocks to keep up exports.

Reuter reported that Statistics Canada said stocks of wheat in the country at the end of July were 552bn bushels compared with 445m a year earlier.

In Ankara, the Turkish Trade Minister said he expected the national wheat harvest to yield a record 17m tonnes, up 500,000 tonnes on last year.

Weather conditions at the start of the season indicated a smaller output but prospects had improved following rains which swelled the grain.

● Scientists in the Philippines are reported to have developed a hybrid wheat suitable for growing during the November-February cool season there.

At present, the Philippines spends $100m a year on wheat imports.

Sharp rise in French dairy output

By Our Commodities Staff

OUTPUT OF dairy products in France rose sharply in the first half of the year. Figures from the Ministry of Agriculture in Paris show that butter production jumped 5.1 per cent over the comparable part of 1978. Cheese production up to the end of May was 6.2 per cent higher.

First - half output of skimmed milk powder, however, fell 3.7 per cent. Supplies are now relatively tight, and the French Government has asked the EEC Commission to allow the transfer of some of West Germany's 350,000 - tonne intervention stockpile into France for subsidised use in animal feed.

Milk production in France has now fully recovered from the set-backs experienced during the winter. Deliveries to dairies during the six months under review were almost 12bn litres, 3.6 per cent more than a year earlier.

Proposals for stemming the continuing expansion of EEC milk production are expected from the European Commission in the next few months.

Outline plans for reducing shipments of New Zealand butter into the over-crowded British market have already been sent to the Council of Ministers.

Australian wool prices higher

WOOL PRICES were higher at yesterday's Melbourne and Sydney auctions. Main demand came from Japan, with support from Eastern Europe and the EEC, official reports said.

Of the 13,696 bales on offer at Sydney, the trade purchased 98 per cent, the Australian Wool Corporation (AWC) 1 per cent and 1 per cent was passed in. At Melbourne, 14,100 bales were offered, with the trade taking 95.5 per cent, the AWC 1.5 per cent and 3 per cent was passed in.

Australian wool exports rose 18.6 per cent to 649.59 kilos in 18.6 per cent to 649.59m kilos in 79 season (ended June 30) compared with the previous July/May period, the AWC said, reports Reuter. Exports to Japan rose 16.6 per cent to 186.21m kilos while those to the second largest importer, the USSR, rose 5.5 per cent to 83.40m. Exports to Italy, in third place, rose 47.5 per cent to 59.20m kilos.

FRUIT MARKETING

UK growers capture blackcurrant sales

BY A CORRESPONDENT

A DUTCH businessman, who has built up a flourishing fruit export company in Britain, is capturing outlets from Iron Curtain blackcurrant growers in the substantial markets of Western Europe.

This month, Mr. Tom Bot, of Ledbury, Herefordshire, will ship more than 1,000 tonnes of blackcurrants grown in the West Midlands, Kent and Norfolk, to the juice-makers and confectioners of Germany, Holland, Italy, Switzerland and Belgium.

Yet, only five years ago, this continental demand was being met by Eastern bloc producers like Poland.

Said Mr. Bot: "We have scored because we have kept every promise we have made to our customers. The East Europeans, who are our biggest competitors, have made pledges which they have not fulfilled."

Ironically, Mr. Bot turned to exporting only because a weakening of sterling in 1974 was presenting difficulties to his horticultural importing company, Treelinks.

He recalls: "With the falling pound, we were finding it increasingly difficult to be competitive. As a small business, we realised we would not have much life left if we didn't do something to take advantage of the situation. So we decided to start exporting as well as importing."

That year, Mr. Bot sent a trial load of gooseberries and blackcurrants to Holland. Since then, he has quietly continued to infiltrate a market once dominated by Communist-grown fruit.

Most English producers sell part of their crop on contract to UK processers and Treelinks take a large part of the currants available on the free market. This summer, the company will be exporting about 5 per cent of the home-grown crop.

And Mr. Bot is convinced that if growers make the best use of their climate, new fruit varieties and modern technology, and produce black currants at prices which will not drive them from the market, his already substantial export trade will continue to grow.

He said: "Blackcurrants must be able to compete with other fruits that are being turned into juices — apples, oranges, grapefruits and cherries."

Mr. Bot is being supplied by 35 growers in Worcestershire, Herefordshire and Gloucestershire, 12 in Kent and a large co-operative in Norfolk. He offers a minimum of £435 a tonne and expects to have paid £500,000 to growers by the end of this month.

But, as Britain's biggest blackcurrant exporter, Mr. Bot stresses that there is far more to the cross-Channel business than meets the eye.

"I have carefully investigated the market, prepared the ground, met the customers and done the deal.

"I have succeeded. Other people, who thought fruit exporting was a way to make a quick buck, have failed," he said.

English plum growers fight back

BY OUR COMMODITIES STAFF

ENGLAND'S dwindling band of plum growers is fighting a rear-guard action to protect and preserve a corner of the dessert fruit market for what they modestly describe as "the poor man's peach."

In the past 30 years the national acreage of plum orchards has slumped from 47,000 acres to a mere 11,000 acres, and more trees are likely to go.

The main causes of this decline are the demise of the processing industry and the availability of new, more exotic fruits coming in from abroad.

Growers are still puzzled, however, at the fickleness of UK housewives who tend to shun plums at 20p to 30p a pound and still quite happily pay 12p to 15p each for peaches and more for other imported fruits.

West Midland Fruit Growers, which represents most UK plum producers under the title of a now defunct local organisation, is running a modest campaign to keep the product in the public eye.

But it has only a tiny budget of about £2,000 a year, no help from Government or European Community funds, and also suffers from divisions within itself.

The more aggressive members want to see the industry freed from the burden of disposing of hard-to-sell processing plums.

They say grubbing up varieties like the yellow egg, useful only for cooking, canning and jam making, would enable growers better to focus their attention on making the most of dessert and dual-purpose varieties.

Others claim processing outlets can be revitalised and that there is still a future for the types which have lost popularity in the past.

The effects of the demise of home bottling and jam making have been aggravated by modern retailing methods. WMFG officials point out that for convenience's sake, most supermarkets now put the same price on all types of jam even though plum is cheaper to produce than most others.

As a result, sales of plum jam have suffered, although some supermarkets have now started differential pricing again.

The processing industry has also been affected by imports of cheap fruit and purees from Eastern Europe. Some manufacturers are still holding stocks of British puree from the 1976 plum crop.

Best prospects appear to lie in the dessert market, but here, too, the competition from imports is strong. Growers explained at a recent farm visit that they did not have the "tradition" of marketing so ably exploited here by overseas suppliers.

Attempts at exporting have also run into trouble. One grower selling into France ran into difficulties with customs officials and market inspectors on both sides of the English Channel. Another, who some years ago exported a specially canned batch of plums to Cuba has still not been paid.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Recovered strongly after a weak start on the London Metal Exchange. After opening at £880 forward metal fell away to £873 on the pre-market following speculative selling. The market then picked up from the second ring onwards with forward metal finally £892 on the late kerb, reflecting fresh buying and the strong opening on Comex. Turnover 15,475 tonnes.

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £885.5, 86, three months £874, 74.5, 75, 76, 78, 79, 79.5, 80, 81. Cathodes, three months £858. Kerb: Wirebars, three months £880, 79, 80, 81, 82. Afternoon: Wirebars, three months £885, 86, 85, 84, 83, 84, 83.5, 83. Kerb: Wirebars, three months £887, 88, 89, 90, 91, 92, 91.5.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	885-6	—28	887-8	—8
3 months	880.5-1.5	—23.7	882-.5	—7
Settlem't	886	—25	—	......
Cathodes				
Cash	850-5	—23	853-5	—5
3 months	855-6	—23.5	857-9	—4.5
Settlem't	855	—22	—	......
U.S. Smt.	—	......	*84-87½	......

TIN—Marginally firmer. After being marked down to £6,600 on the pre-market, reflecting a fall at Penang and hedge selling, forward material moved ahead to close the late kerb at £6,675 owing to good physical demand and the afternoon recovery in copper. Turnover 645 tonnes.

Morning: Standard, three months £6,600, 10, 05, 10, 15, 20. Kerb: Standard, three months £6,615, 10. Afternoon: Standard, cash £6,610, 30, three months £6,625, 35, 40, 60. Kerb: Standard, three months £6,665, 70.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	6590-600	—100	6620-30	+40
3 months	6620-40	—82.5	6655-65	+32.5
Settlem't	6600	—100	—	......
Standard				
Cash	6590-600	—100	6620-30	+40
3 months	6610-20	—82.5	6655-65	+32.5
Settlem't	6600	—100	—	......
Straits E.	‡$1880	—18	—	......
New York	—	......	—	......

LEAD—Lower. Forward metal fell to £512 on the early pre-market, reflecting the absence of trade support, profit-taking and stop-loss selling. The backwardation was eliminated at this point. However, in the afternoon a strong performance by copper brought out renewed buying lead which touched the day's high of £527 before closing the late kerb at £523.5. Turnover 7,225 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
	£	£	£	£
Cash	519-20	—12	520-1	—7.5
3 months	519-20	—8.75	519-20	—7
S'ment	520	—12	—	......
U.S. Spot	—	......	*58-62	......

Morning: Cash £518, 18, 17, 19, 20, three months £513, 14, 15, 16, 17, 16.5, 17, 18, 19, 20. Kerb: Three months £519, 20, 21, 20. Afternoon: Three months £522, 23, 21, 20, 18, 18.5. Kerb: Three months £522, 23.

ZINC—Gave ground influenced by the trend in other metals. Forward metal came under pressure in the morning, falling back to £285 at one point. However, the market rallied in the afternoon with forward metal finally £295.5 on the late kerb. Turnover 3,175 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
	£	£	£	£
Cash	285-7	—1	281-2	—7
3 months	295.5-6.5	—5.5	292-4	—6.25
S'ment	287	—1	—	......
Prim w'st	—	......	*39.5	......

Morning: Cash £284.5, 85, three months £289, 90, 91, 93, 94, 95. Kerb: Three months £295, 94. Afternoon: Three months £295, 94. Kerb: Three months £295.

ALUMINIUM—Unchanged. Forward metal slipped to £694 in the morning, influenced by the trend in copper, but rallied in the afternoon to close the late kerb at £700. Turnover 2,000 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
	£	£	£	£
Spot	705-6	—7.5	708-10	+.5
3 months	697-8	—8	699-701	......

Morning: Three months £696, 98, 97. Afternoon: Three months £699, 700, 699, 99.5, 700. Kerb: Three months £699, 700, 01.

NICKEL—Moved narrowly in quiet trading prior to closing the late kerb at £2,640 with the market tending to move in line with other metals. Turnover 150 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
Spot	2585-95	+38	2570-80	+12.5
3 months	2635-40	+7.5	2635-45	+10

Morning: Cash £2,580, 90, three months £2,620, 35. Afternoon: Three months £2,640.

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

SILVER

Silver was fixed 0.3p an ounce lower for spot delivery in the London bullion market yesterday, at 413.05p. U.S. cent equivalents of the fixing levels were: spot 915.9c, down 4c; three-month 936.7c, up 1.9c; six-month 956.5c, up 3.7c; and 12-month 992.6c, up 4.6c. The metal opened at 412-413p (913-915c) and closed at 420¾-421¼ (930-932c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. close	+ or —
Spot	413.05p	—0.30	422.25p	+8.9
3 months	424.95p	—0.20	434.4p	+10.0
6 months	435.85p	+0.20	—	......
12months	456.45p	+0.25	—	......

LME—Turnover 376 (206) lots of 10,000 ozs. Morning: Three months 424.5, 25, 25.5, 25.3, 25.5, 25.9, 25.5, 26, 25.9. Kerb: Three months 425.5, 26, 25.8. Afternoon: Three months 430, 30.2, 30.5, 30.8, 30.2, 30.5, 34, 34.5, 35, 34.5, 34.3, 34.5. Kerb: Three months 435, 35.2, 35.3, 35.5, 36, 36.5, 36.3, 36.5, 37, 37.5, 37.3, 37.5.

COCOA

Cocoa futures remained steady throughout a featureless day due to further short covering for prices to close at the highs of the day, reported Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
Sept	1396-1400	+16.5	1400-1370
Dec	1469-1470	+27.0	1472-31
March	1512-1515	+34.0	1518-1473
May	1543-1544	+41.0	1545-1496
July	1565-1573	+41.5	—
Sep	1595-1594	+41.0	1594
Dec	1620-1635	+36.0	—

Sales: 3,018 (2,150) lots of 10 tonnes. International Cocoa Organisation (U.S. cents per pound): Daily price Aug. 20: 142.96 (146.23); indicator price for Aug. 21 15-day average 141.45 (141.26); 22-day average 142.08 (142.28).

COFFEE

Robustas opened £10-£15 higher to prolong the gradual advance, however profit-taking and Commission House selling restricted the early rise slightly. The afternoon was very disappointing and values consolidated in a tight range on a fairly light volume with business well matched on both sides as the market remained featureless. Prices finished on a steady note some £8 to £20 up on the day, reported Drexel, Burnham, Lambert.

COFFEE	Yesterdays Close	+ or —	Business Done
	£ per tonne		
September	1784-85	+13.0	1776-78
November	1828-29	+15.8	1850-1820
January	1836-36	+20.0	1837-1825
March	1798-90	+8.8	1797-1788
May	1783-84	+10.0	1792-1789
July	1779-80	+15.0	1782
Sept	1779-81	+15.5	1781-1780

Sales: 3,228 (4,398) lots of 5 tonnes. ICS Indicator prices for August 17 (cents per pound). Other Mild Arabicas 199.00 (197.00). Robustas ICA 1976 182.00 (same). ICA 1968 182.25 (same). Colombian Mild Arabicas 204.00 (203.00). Unwashed Arabicas 198.50 (197). Comp. daily ICA 1968 194.08 (193.08).

GRAINS

Grains opened unchanged to 5p higher. After some initial support wheat values eased with selling pressure on the September option to close 30-40p lower. Barley options saw slightly more support but value eased throughout the day to close 15-30 lower reported Acli.

WHEAT			BARLEY	
M'nth	Yesterd'ys close	+ or —	Yesterdys close	+ or —
Sept.	91.15	—0.40	86.75	—0.15
Nov	95.05	—0.55	90.80	—0.25
Jan	99.45	—0.35	95.10	—0.30
Mar	102.80	—0.30	98.60	—0.30
May	106.00	—0.40	101.80	—0.30

Business done—Wheat: Sept. 91.45-91.15, Nov. 95.40-95.05, Jan. 99.70-99.45, March 103.00-102.80, May 106.30-106.00. Sales 177 lots of 100 tonnes. Barley: Sept. 86.85-86.70, Nov. 90.95-90.75, Jan. 95.30-95.15, March 98.80-98.60, May 101.80-101.80. Sales 146 lots of 100 tonnes.

HGCA—Location ex-farm spot prices. Feed barley—S. East 82.00, S. West 82.80, W. Midlands 82.10, N. West 84.30. The UK Monetary Coefficient for the week beginning August 27 is expected to remain unchanged.

WOOL FUTURES

SYDNEY GREASY—Close (in order buyer, seller, business, sales). Micron contract: Oct. 412.0, 413.0, 412.0-410.0, 9; Dec. 419.0, 420.0, 418.0-416.5, 32; Mar. 428.0, 430.0, 428.0-424.0, 74; May 430.0, 432.0, 430.0-425.5, 19; July 430.0, 432.0, 430.0-427.5, 14; Oct. 431.0, 432.0, untraded. Dec. 431.0, 433.0, 432.0-432.0, 26. Sales 174.

LONDON GREASY—Close (in order, buyer, seller only). Oct 218.0, 33.0; Dec. 218.0, 38.0; Mar./May/July/Oct./Dec. 228.8, 33.0.

NEW ZEALAND CROSSBREDS—Close (in order, buyer, seller only). Oct. 199, 85.0; Dec. 180.0, 85.0; March 181.0, 91.0; May/July/Oct./Dec. 181.0, 93.8.

RUBBER

The London physical market opened about unchanged with fair interest throughout the day, closing quietly steady. Lewis and Peat reported a Malaysian godown price of 277 (276) cents a kilo (buyer, September).

Sales: 339 (242) at 15 tonnes, 38 at 5 tonnes.

No. 1 R.S.S.	Yesterd'ys Close	Previous Close	Business Done
Sept	58.15-58.40	57.25-57.75	58.10-57.80
Oct	58.90-59.55	57.75-58.50	—
Oct-Dec	59.75-59.90	58.75-58.80	58.75-59.10
Jan-Mar	62.75-62.85	61.50-62.00	62.85-62.50
Apr-Jne	65.00-65.05	64.20-64.25	65.15-64.80
Jly-Sept	67.50-67.60	66.70-66.80	67.55-66.70
Oct-Dec	70.00-70.10	69.20-69.40	70.10
Jan-Mar	72.50-72.60	71.70-71.75	72.45-72.50
Apr-Jne	75.05-75.10	74.20-74.25	75.10-74.40

Physical closing prices (buyer) were: Spot 57.50p (57.00p); Sept. 62.50p (62.00p); Oct. 62.75p (62.25p).

SOYABEAN MEAL

The London market opened around unchanged and remained featureless throughout sessions, reported T. G. Roddick. However, late in the day prices firmed to close £0.50 to £1.00 higher.

	Yest'rd'y Close	+ or —	Business Done
	£ per tonne		
August	106.00-12.0	—1.0	—
October	113.90-14.3	+0.55	113.60
December	119.90-20.0	+1.05	120.00-19.00
February	122.00-22.4	+0.95	—
April	122.90-24.5	+0.90	—
June	122.90-25.5	+1.65	123.20
August	122.90-29.0	+0.95	—

Sales: 11 (52) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar): £102.00 (£103.00) a tonne cif for Aug.-Sept.-Oct. shipments. White sugar daily price was £113.00 (same).

At the opening small losses were soon erased and thereafter the market edged higher with gains of £1.10 recorded by the close, reported C. Czarnikow.

Sugar Pref. Comm. Con.	Yesterday's Close	Previous Close	Business Done
	£ per tonne		
Oct.	108.35-08.45	107.75-07.90	108.50-07.75
Dec.	112.75-12.80	112.10-12.20	112.80-11.80
March	120.45-20.50	119.60-19.70	120.50-19.40
May	125.80-25.85	125.00-25.20	125.75-25.00
Aug.	128.10-28.20	127.25-27.70	128.00-27.00
Oct.	132.25-32.50	131.50-32.00	—

Sales: 1,244 (1,171) lots of 5 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £297.55 (same) a tonne for home trade and £170.50 (£171.50) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Prices for August 20. Daily price 8.97 (8.85); 15-day average 8.63 (8.55).

WHITE SUGAR—Close (in order buyer, seller, business, sales). Nov. 113.00, 114.00, 113.00, 138; Feb. 120.40, 120.50, 120.50-120.00, 96; April 124.40, 124.50, 124.00, 4; July 128.00, 128.40, 128.40, 12; Sept. 131.75, 132.0, 132.00, 16; Nov. 134.50, 137.00, nil, nil; Feb. 137.50, 142.00, nil, nil. Sales 265.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 228 tonnes, bringing the total for the week so far to 405 tonnes. Demand strengthened, with additional purchases in United States' staples, as well as African styles. Some Middle Eastern growths changed hands on a freer scale.

★

GRIMSBY FISH—Supply good, demand fair. Prices at ship's side (unprocessed) per stone: Shelf cod £4.10-£4.80, codlings £2.60-£3.40; large haddock £4.10-£4.60, medium £3.20-£4.00, small £2.40-£3.00; large plaice £5.60-£6.10, medium £5.20-£6.00, best small £3.80-£4.60; skinned dogfish (large) £7.50, medium £6.50; lemon soles (large) £7.50, medium £7.00; rockfish £3.20; saithe £1.60-£2.20.

PRICE CHANGES

In tonnes unless otherwise stated.

	Aug. 21 1979	+ or —	Month ago
Metals			
Aluminium	£710/50	....	£710/50
Free Mkt (cts)	$1540/1560	....	$1,520/40
Copper			
Cash w'bar	£887.5	—8	£799
3 mths „	£882.25	—7	£818.25
Cash Cathode	£854	—5	£778
3 mths „	£858	—4.5	£800
Gold troy oz.	$307.625	+4	$305.875
Lead cash	£520.5	—7.5	£543.5
3 mths	£519.5	—7	£523.5
Nickel	£2854	....	£3,225.4
Freemkt(cif) (lb)	260/280c	....	250/275c
Platin'mtr'y oz	£155.5	....	£155.5
Free mkt	£178.70	—2.5	£177.3
Quicksil'ver	$285/305	+10	$285/310
Silver troy oz	413.05p	—0.30	412.5p
3 months	424.95p	—0.20	424.3p
Tin Cash	£6,625	+40	£6,426
3 mths	£6,660	+32.5	£6,587.5
Tungsten	$143.13	....	$143.13
Wolfrm 22.04 cif	$142/147	....	$134/140
Zinc cash	£281.5	—7	£314.5
3 months	£293	—6.25	£325.25
Producers	$760	....	$845
Oils			
Coconut (Phil)	$1,010x	—5	$1,140
Groundnut	....		
Linseed Crude	£405	—5	£395
Palm Malayan	$647.50	—2.5	$679
Seeds			
Copra Philip	$680y	—5	$737.50
Soyabean (U.S.)	$309.85x	—2.85	$350.5
Grains			
Barley Futures	£90.80	—0.25	£92.10
Maize			
French No3AM	£107.75	....	£107
Wheat			
No. 1 Red Spg.	‡	....	£95.50
No2HardWint.	£101.0x	....	£96.25
Eng. Milling†	£97.00x	....	‡
Other commodities			
Cocoa ship't	£1,650	+27	£1,472
Future Dec	£1,469.5	+27	£1,567
CoffeeF't'r Nov	£1,828.5	+15.0	£1,682.5
Cotton A.Index	77.40c	—0.2	77.25c
Rubber (kilo)	57.50p	+0.5	57.05p
Sugar (Raw)	£102.0	—1	£92.5
Wooltp's 64s kl	271p	....	266p

* Nominal. † New crop. ‡ Unquoted. s Aug.-Sept. t Sept. w Sept.-Oct. x Oct. y Oct.-Nov. z Indicator. § Buyer.

MEAT/VEGETABLES

IMPORTED—Wheat. CWRS No. 1, 13½ per cent, unquoted. U.S. Dark Northern Spring No. 2, 14 per cent, Sept. 101.75, ex-Gulf Aug. 97.75, Oct. 99.75, transhipment East Coast. U.S. Hard Winter, 13½ per cent, Sept. 101, transhipment East Coast. EEC unquoted. Maize: U.S./French Aug. 107.75, Sept. 109.25, transhipment East Coast. S. African White unquoted. S. African Yellow Sept.-Oct. 82.50 nominal. Barley: English Feed fob Aug. 88.50, Oct.-Dec. unquoted, East Coast. Sorghum: U.S./Argentine unquoted. Oats: Scandinavian Feed unquoted.

SMITHFIELD (pence per pound)—Beef: Scotch killed sides 62.0 to 67.0. Eire hindquarters 78.0 to 81.0, forequarters 42.0 to 44.0. Lamb: English small 58 to 62.0, medium 56.0 to 60.0, heavy 50.0 to 58.0; Scotch medium 56.0 to 60.0, heavy 50.0 to 58.0; Imported frozen NZ PL 49.0 to 49.5, PM 48.0 to 49.0. Pork: English, under 100 lbs 36.0 to 44.0, 100-120 lbs 36.0 to 43.0, 120-160 lbs 36.0 to 42.0.

MEAT COMMISSION—Average fatstock prices at representative markets on August 21. GB—Cattle 80.13p per kg.l.w. (—0.62). UK—Sheep 141.4p per kg.est.d.c.w. (no change). GB—Pigs 62.6p per kg l.w. (+1.4). England and Wales: Cattle numbers up 8.7 per cent, average price 79.60p (—0.37). Sheep up 7.1 per cent, average price 141.5p (no change). Pig up 10.4 per cent, average 62.7p (+1.6). Scotland: Cattle down 8.9 per cent, average 81.84p (—1.3). Sheep down 4.0 per cent, average 126.1p (—9.5) Pig up 58.3 per cent, average 61.9p (—0.3)

COVENT GARDEN—Prices in sterling per package except where otherwise stated. Imported Produce: Oranges—S. African: Valencias 4.00-4.70, Navels/Proteas 3.80-4.30; Brazilian, 2.50-2.80; Californian: 5.00. Lemons—Italian: 100/150's 5.50-6.00; Spania: Trays 30/40/45 2.80. Argentine: 88 100/113 7.50, S. African: 8.00; Jaffa, Trays 2.30-3.10. Grapefruit—S. African: 27 72 3.60-6.05. Apples—French: Golden Delicious, new crop, 20 lb 72/84's 2.00-2.20. Spanish: Golden Delicious, new crop, boxes 40 lb 150/175 4.00, Italian, Rome Beauty per pound 0.08; S. African Granny Smith 2.00-3.00; New Zealand Red Dougherty 5.00, Granny Smith 7.30, Sturmers 4.00; Tasmanian: Sturmer Pippin 4.00. Pears—Spanish Williams per pound 0.14; French: Guyots 28 lb 2.80, Williams 3.50, Italian: Williams per pound 0.16-0.18. Plums—Italian: Per pound Burbanks 0.08, Bellos 0.08, Giant Prunes 0.08, Stanley 0.10, French, Gages 0.12; Hungarian: Switzens 6 kg 1.00. Grapes—Cypriot: Sultana 0.12-0.18, Thompson 0.20, Alphonse 0.27, Rozaki 0.27; Italian: Cardinal 10 lb 2.00, Regina 10 lb 1.50, 1.80; Spanish: Alphonsa per pound 0.20. Nectarines—Italian: C-B/A's 2.50-5.00; French: 28's [illegible] Per 20 lb 4.00. Avocados—S. African: 3.60-4.20. Melons—Spanish: Yellow honeydew 10 kg 5/14's 2.20-2.50. Onions—Spanish: 3.50-5.20; Dutch, 3.60. Tomatoes—Jersey: Per tray 1.00-1.20. Guernsey: 1.20-1.40. Dutch 1.40. Cabbages—Dutch: White, net 4.50. Potatoes—Cypriot: 2.00. Peaches—Italian 1½ trays C's 1.60-1.80, B's 2.40-2.50, A's 2.60-2.80, AA 3.00. English Produce: Potatoes—New crop per bag 2.20-2.40. Lettuce—Per 12 round 1.00-1.20, Cos 1.20-1.40. Mushrooms—Per pound 0.60-0.70. Apples—Per pound Bramley 0.05-0.10, Grenadiers 0.04-0.05, Howgates 0.05-0.06, George Cave 0.08, Discovery 0.10-0.14, Millers 0.06. Plums—Per pound Czars/Rivers 0.05-0.06. Tomatoes—Per pound 0.80-1.00. Cucumbers—Trays 8/18's 1.00-1.40. Caul-flowers—12's Lincoln 1.30-1.60. Celery—Boxes 12/30's 1.00, large cartons 20/24's 2.20-2.30. Peas—Per pound 0.13-0.14. Broad Beans—Per pound 0.05. Onions—Per bag 3.60-3.80. Carrots—Per bag 0.80-1.00. Beetroot—Per bag 0.80-1.00. Marrows—Per 18's 0.80. Capsicums—Per pound 0.20-0.25. Swedes/Turnips—Per 25/28 lb 1.00. Stick Beans—Per pound 0.12-0.15. Runner Beans—Per pound 0.08-0.10.

AMERICAN MARKETS

NEW YORK, August 21.

POLITICAL CLASHES in Iran, bordering on civil war, and fears that Iranian oil production could be further disrupted, lent major strength to the precious metals. Subsequently, the bullish psychology permeated the rest of the market. Silver closed limit up and gold near limit-up on trade buying and short-covering. Copper followed the precious metals to finish the day with major gains on trade and speculative buying. All tropical commodities, coffee, sugar and cocoa, showed good gains on short-covering and anticipatory hedge buying. Cotton closed strongly for one of its better gains. The livestock complex was mixed on heavy cattle buying, Heinold reported.

Coffee—Sept. 209.82 (206.99), Dec. 202.00 (198.89), March 194.03, May 192.00, July 189.28, Sept 186.28, Dec. 183.55.

*Platinum—Aug. 403.10 (397.70), Sept. 397.70 (397.70), Oct. 397.70, Jan. 394.50, April 400.00, July 404.50, Oct. 408.00, Jan. 414.00. Sales: 2,004.

Potatoes (round whites)—Nov. 86.0 (86.5), March 87.0 (88.0), April 10.74, May 126.2. Sales 742.

Tin—681.00-695.00 asked (683.00-700.00).

CHICAGO, August 21.

Lard—Chicago loose 25.00 (24.25). New York prime steam unavailable.

Live Cattle—Oct. 65.00-65.15 (63.80-65.07), Dec. 65.80-65.70 (65.20-65.75), Jan. 66.60, Feb. 67.10-67.00, April 68.05-68.00, June 69.80-69.65, Aug. 69.00, Oct. 68.40, Dec. 69.00. Sales: 36,549.

Live Hogs—Oct. 35.55-35.65 (36.17-35.60), Dec. 36.05-36.00 (35.97-36.02), Feb. 37.85-38.05, April 37.20-37.10, June 41.45, July 41.50-41.87, Aug. 40.55, Oct. 39.55. Sales: 6,215.

‡‡Maize—Sept. 287-286½ (281), Dec. 290-289½ (281½), March 301-300½, May 306½-306¾, July 309¾, Sept 309.

Pork Bellies—Aug. 34.00 (33.95-34.00), Feb. 42.55-42.70 (42.45-42.62), March 43.10, May 44.15-44.30, July 45.25, Aug. 44.25. Sales: 6,579.

‡Soyabeans—Aug. 734 (718), Sept. 732½-734 (716½), Nov. 730-729, Jan. 742-741, March 755-754½, May 764, July 771, Aug. 769.

Silver — Aug. 939.9 (910.6), Sept. 933.6 (913.8), Oct. 942.1, Dec. 958.7, Feb. 972.6, April 986.5, June 999.5, Aug. 1012.6, Oct. 1025.8, Dec. 1039.1, Feb. 1052.6, April 1066.3, June 1080.2, Aug. 1094.3, Oct. 1108.6, Dec. 1123.1, Feb. 1137.8, April 1152.7, June 1167.8, Aug. 1183.0.

||Soyabean Meal — Aug. 193.50 (188.90), Sept. 194.20 (190.90), Oct. 195.50-195.60, Dec. 199.00-198.70, Jan. 200.80-200.50, March 203.00-202.50, May 204.50, July 205.50, Aug. 207.00-207.20, Sept. 207.00-207.70.

Soyabean Oil — Aug. 29.99-30.00 (29.29), Sept. 28.65-28.70 (27.82), Oct. 27.60-27.65, Dec. 26.90-27.00, Jan. 26.93-26.95, March 26.98-26.95, May 26.95-27.00, July 26.95, Aug. 26.90, Sept. 26.90.

‡Wheat — Sept. 448-449 (425½), Dec. 461-462 (449½), March 473-474, May 47[illegible], July 449, Sept 454.

WINNIPEG, August 21. §Barley—Oct. 107.40 (104.00), Dec. 106.40 (102.20), March 104.40, May 104.40, July 105.50.

All cents per pound ex-warehouse unless otherwise stated. *$ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. || $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq feet. ‡ Cents per dozen.

EUROPEAN MARKETS

ROTTERDAM, August 21.

Wheat—U.S. No. 2 Dark Hard Winter, 13.5 per cent, Sept. $203, Oct. $205, Nov. $207, Dec. $210, Jan. $213, Feb. $215, March $217. U.S. Hard Winter Ordinary unquoted. U.S. No. 2 Red Winter, Sept. $194, Oct. $198, Nov. $201. U.S. No. 2 Northern Spring, 14.0 per cent, Aug. $198, Sept. $197.50, Oct. $201, Nov. $203, Dec. $210, Jan. $219, Feb. $221, March $223.

Maize—U.S. No. 3 Corn Yellow afloat $131.50, Aug. $133, Sept. $137.50, Oct. $140, Nov. $141, Dec. $144.50, Jan.-March $150, April-June $151.

Soyabeans—U.S. 2 Yellow Gulfports Aug.-Sept. $301, Oct. $290.50, Nov. $290.75, Dec. $296.50, Jan. $300.75, Feb. $305.75, March $306.25, April-May $308, June-July $310. Brazil Yellow Fag unquoted. Argentine Aug.-Sept. $290.30, Sept. $295, May $301, June $302.75, July $304.25.

Soyameal—44 per cent protein U.S. afloat $228, Sept. $225, Nov.-March $247, April-Sept. $250. Brazil Pellets afloat $234, Aug. $235, Sept. $243, Oct. $253, April-Sept. $256.50.

PARIS, August 21

Sugar (FFr per 100 kilos)—Oct. 1065-66, Nov. 1062-70, Dec. 1095-1103, March 1175-70, May 1200-1209, Aug. 1220-35, Oct. 1249-50. Sales at call 26.

INDICES

FINANCIAL TIMES

Aug. 20	Aug. 17	M'nth ago	Year ago
285.27	287.30	286.61	247.00

(Base: July 1, 1952=100)

MOODY'S

Aug. 20	Aug. 17	M'nth ago	Year ago
1075.6	1071.6	1090.0	932.8

(December 31, 1931=100)

DOW JONES

Dow Jones	Aug. 20	Aug. 17	Month ago	Year ago
Spot	397.88	401.49	410.18	365.78
F'tur's	409.60	411.75	418.52	364.74

(Average 1924-25-26=100)

REUTERS

Aug. 21	Aug. 20	M'nth ago	Year ago
1567.3	1572.4	1548.7	1442.7

(Base: September 18, 1931=100)

Trade returns fail to revive investment incentive and index falls 2.9 to 464.5—Gilts improve slightly

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
July 30	Aug. 9	Aug. 10	Aug. 20
Aug. 13	Aug. 23	Aug. 24	Sep. 3
Aug. 28	Sep. 6	Sep. 7	Sep. 17

* "New time" dealings may take place from 9.30 am two business days earlier.

Encouraged by a trade outcome for July more favourable than previous monthly returns, leading shares initially extended the rallying tendency which began during the after-hours' trade on Monday. The gains were usually limited to a penny or so and often stemmed from dealers marking-up in the hope that investment interest would revive.

However, the recent unsettling predictions about the outlook for the UK manufacturing industry seemed to be much in investors' minds and when demand failed to materialise the better tone began to give way. Professional operators also appeared reluctant to operate, being content to await tomorrow's half-yearly statement from ICI.

Government Securities, on the other hand, maintained the previous evening's firmer tendency. Last month's improved trade performance aroused a small demand and, with Monday's £600m call on the partly-paid ultra-long maturity out of the way, stocks at this end of the market improved along with the shorts, but business overall was described as light.

Although there was little weight to the selling of equities, leading issues drifted a few pence easier and the FT 30-share index closed 2.9 down at 464.5 for a two-day fall of 9.7. Trading conditions were extremely slow and, with the exception of Rothschild Investment Trust, which rose 11 to 260p on the partial bid from Reliance of the U.S., there was little in the way of specialist features.

Higher opening levels for British Funds failed to draw any worthwhile investment support and most gains were finally reduced. The shorts were a good example of this and generally closed with marginal movements in either direction; the exceptions were low-coupon stocks which showed falls extending to ¼. Although many longer-dated stocks registered rises of ⅜, the majority tended ⅛ or so easier after the official close of business.

Demand for investment currency needed for the purchase of overseas, mainly U.S., securities took the premium higher from a slightly lower initial rate of 30 per cent to a close of 31¼ per cent, a rise of ¾ on the day. Yesterday's SE conversion factor was 0.8989 (0.8961).

A reasonable Traded options business was transacted in **Imperial**, with the soon-to-expire August series attracting 125 deals. A total of 394 contracts were completed, marginally higher than on Monday.

Stenhouse easier

In contrast to the previous day, when Continental Corporation's successful purchase of a 20 per cent stake (7.5m shares) in Stenhouse Holdings caused hectic dealings, trading conditions in the latter yesterday were much slower and **Stenhouse** drifted lower on sporadic offerings to finish 3 down on the day at 89p, after 88p. Elsewhere in narrowly mixed Insurances, **General Accident** hardened 2 to 224p but **Royals** eased 3 more to 337p.

Continuing to lack support, the major clearing banks drifted down again. **Lloyds**, 288p, **Midland**, 358p, and **NatWest**, 328p, all gave up 4, while **Barclays** closed a couple of pence off at 428p. Elsewhere, **Hong Kong and Shanghai** lost the turn to 135p, after 131p, following the interim statement, while **Grindlays** came on offer at 96p, down 4.

Activity was at a low ebb in Breweries and most issues stayed at their overnight levels, although **Scottish and Newcastle** eased a fraction to 66p.

Leading Building issues drifted lower in the absence of any worthwhile interest, **Blue Circle** easing 4 to 268p and **Tarmac** shedding 3 to 177p. Consideration of the chairman's cautious remarks about current trading lowered **Redland** 5 to 175p. The majority of secondary issues, too, gave modest ground, but **Aberdeen Construction** improved 2 to 87p, and **M. J. Gleeson** hardened a penny to 40p.

Occasional small selling clipped 4 from **Fisons** at 244p, while **ICI**, in particularly thin trading, slipped a penny to 337p. Among other Chemicals, second-thoughts about the interim results left **Blagden and Noakes** 2 cheaper at 136p, but **Alginate**, at 405p, recovered the previous day's fall of 5; Merck has stated that its proposed bid for the company will not be affected by the U.S. Justice Department's anti-trust suit.

K. O. Boardman slump

K. O. Boardman International became a prominent dull feature in Stores, falling 3 to 15½p after a 1979 low of 13p, following comment on the poor preliminary results. *Wharf Mill*, on the other hand, gained 5 to 32p in a thin market and **Austin Reed "A"** found modest support at 95p, up 3. Dull conditions prevailed in the leaders where **Marks and Spencer** lost 3 to 113p as did **W. H. Smith "A,"** to 183p.

The Electrical market traded slowly with the leaders continuing their downward drift on lack of support. **EMI** cheapened 2 more to 94p as did **GEC** to 384p. Elsewhere, demand in a thin market prompted a rise of 5 to 210p, after 215p, in **Louis Newmark**, and **Farnell Electronic** revived with an improvement of 6 at 240p. **United Scientific**, on the other hand, gave up 6 to 340p and **Cray Electronic**, 32p, and **Suter**, 30p, relinquished 2 apiece.

Sporadic offerings and the lack of support left the Engineering leaders at slightly lower levels. **Tubes** drifted off to close 4 cheaper at 322p, while **John Brown** eased 3 more to 416p and **GKN** cheapened a few pence to 266p. Secondary issues lost further ground, but the falls were less widespread than on Monday. **B. Elliott** encountered selling and gave up 6 at 220p along with **Averys**, 5 cheaper at 255p, and **Bullough**, 4 lower at 216p. **Pegler-Hattersley** fell a similar amount to 152p, while **600 Group**, 3 cheaper at 80p, met with occasional offerings. News of the £3.6m U.S. deal failed to benefit **Glynwed**, which eased a penny to 100p. Against the trend, **Newman Tonks** continued to respond to Press mention and gained 2 more to 78p, while **London and Midland** firmed a penny to 111p following the chairman's encouraging statement at the AGM about prospects.

Further selling of **Spillers** shares was thought to be absorbed by one buyer and the price held at 49p; associates of **Dalgety**, 4 cheaper at 293p, bought a further 7m shares in Spillers on Monday. Other Foods usually eased in thin trading with **Unigate** and **Linfood** shedding a couple of pence to 94p and 163p respectively. The disappointing annual results left **Meat Trade Suppliers** 4 down at 84p, but speculative interest was shown in **Bernard Matthews** which added 5 to 292p, after 295p.

Wedgwood disappoint

News of the first-quarter profits setback dapressed **Wedgwood** which fell away to 78p before closing a net 7 lower on balance at 80p. Elsewhere in an uninspired miscellaneous industrial sector, **Myson** eased a penny to 88p in reaction to the interim profits standstill having earlier risen to 91p, while **Dundonian** at 47p, lost 2 of the previous day's Press-inspired gain of 6. **Hoover 'A'** cheapened 5 to 130p and **Photo-Me** gave up 3 to 335p. **Restmor** firmed 3 to 84p on the satisfactory results and **Dufay Bitumastic** hardened a penny to 38p despite the reduced first-half profits. Still reflecting bid hopes, **United Carriers** edged up 2 more to 144p and **Dunbee Combex** hardened a penny to 63p despite Press criticism of the proposal to raise funds through the flotation of its DIY and industrial interests by way of a rights issue. **Lawtex** continued firmly at 77p, up 3, while **Hensher 'A'** attracted renewed speculative support and finished 2 to the good at 56p. **Rockware** added 3 to 97p and **Royal Worcester** 4 to 172p. The leaders plotted an irregular course in thin trading. **Unilever** hardened 2 to 504p and **Glaxo** edged forward a penny to 435p but **Boots** eased that much to 188p.

Anglia 'A' provided an isolated firm spot in Televisions, adding 3 to 78p mainly on dividend potential.

Motors closed narrowly easier after a subdued business. **ERF** slipped 3 to 98p and **Fodens** gave up 2 at 42p, but **Peak** recovered half of Monday's fall of 2 to end at 9½p. Components were barely-tested and early small gains were reversed as hopes of a follow-through to the previous evening's revived interest faded. **Dowty** shed 2 to 314p, and **Dunlop** shed a penny to 60p.

A couple of pence firmer at first, leading Properties drifted back on lack of follow-through support to close with change on balance. Elsewhere, consideration of the company's property revaluation prompted a further gain of 5 to 275p in **Chesterfield**, but **Fairview Estates**, 220p, and **Clarke Nickolls**, 114p, both shed that much as speculative interest waned. Occasional offerings left **Trafford Park Estates** 3 cheaper at 144p and **Berkeley Hambro** 5 off at 201p, while annual trading statements failed to make an impression on either **Apex** or **Nolton**, which held their respective overnight levels of 115p and 52p. **Laing 'A'** proved vunerable to selling and dipped 8 to 145p.

Oils quiet

Leading Oils made early modest progress, but drifted back as interest faded. **British Petroleum** settled 15 lower at 1,165p, while **Shell** ended 4 cheaper at 322p, after 328p. Elsewhere, **Oil Exploration** gave up 4 to 348p and **Tricentrol** slipped 2 to 222p. Australian advices prompted a gain of 3 to 62p in **Woodside Petroleum**.

In Overseas Traders, **S. Hoffnung** added a couple of pence to 59p ahead of today's full-year statement.

Ocean Transport improved to 99p immediately following the better-than-expected interim figures, but the depressing nature of the accompanying statement prompted selling at the higher levels and the shares closed only a net 2 up at 94p. Elsewhere in quiet Shippings, **Common** eased 3 to 197p.

In Financials, **Challenge Corporation** slipped 3 to 102p in front of today's annual results. News of a £16.2m partial offer from Reliance, a U.S. concern, aimed at acquiring a 20.1 per cent holding in the company lifted **Rothschild Investment** 11 to 260p, after 263p. The offer also drew attention to **London Sumatra**, in which RIT have a near-11 per cent stake, and the combination of bid speculation and far-eastern buying brought a sharp rise of 22 in LS to 305p. Other companies in the interlocked Harrison group rose in sympathy, **Castlefield**, 315p, **Sogomana**, 320p and **Doranakanda**, 130p all gaining around 15.

Golds improve

A $4 rise in the bullion price to $302.625 an ounce in front of last night's U.S. Treasury gold auction prompted modest buying of South African Golds. The Gold Mines index added 1.2 to 170.5 and the ex-premium index 1.6 to 153.3.

London, Johannesburg and Continental interest in the morning and early afternoon was followed by American buying but this tended to ease off towards the close and in the after-hours trade.

Heavyweights registered gains of up to ½ as in **Hartebeest**, £15⅛, **Vaal Reefs**, £16½ and **Free State Geduld**, £16⅞, while the medium and lower priced stocks showed **East Driefontein** 19 up at 651p and **Loraine** 8 higher at 93p.

In South African Financials, **De Beers** responded to American buying and closed 3 firmer at 375p in front of the half-year results. **Union Corporation** were also in demand with a 4 gain at 386p; the half-year results are expected on August 28.

London Financials lost ground in the wake of the UK equity market. **Selection Trust** dipped 8 to 616p, **Rio Tinto-Zinc** 4 to 287p and **Gold Fields** 3 to 213p.

Australians held quietly steady with dealers awaiting the domestic reaction to the Federal budget.

LONDON TRADED OPTIONS

Option	Ex'rc'se price	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	Equity close
BP	1300	10	—	45	20	66	—	1166p
Cons. Gold	240	6	—	10	10	17	—	215p
Cons. Gold	260	2½	15	6	—	—	—	"
GEC	390	19	1	41	—	55	—	385p
GEC	420	7	49	27	—	39	1	"
GEC	460	1½	15	12	—	—	—	"
Grand Met.	138	9	5	15	18	—	—	140p
Grand Met.	158	4	—	6	5	—	—	"
ICI	330	16	—	26	9	32	—	338p
ICI	360	4½	2	12	—	—	—	"
ICI	420	1	—	2	2	—	—	"
Marks & Sp.	100	17	36	—	—	—	—	114p
Shell	325	15	5	25	2	—	—	323p
Shell	375	3	—	10	22	—	—	"
Shell	400	2	—	5	6	—	—	"
Totals			157		94		1	
		August		November		February		
BOC Intl.	70	4	—	7	18	9	—	75p
Boots	200	¾	—	8	—	14	5	189p
Imperial Gp.	100	¼	75	2½	—	5½	—	92p
Imperial Gp.	110	¼	50	¾	—	—	—	"
RTZ	280	7	15	28	—	40	—	287p
RTZ	300	1	—	17	2	29	—	"
RTZ	330	½	1	10	11	19	—	"
Totals			141		25		5	

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1979 high	1979 low
ICI	£1	12	337	− 1	415	314
Shell Transport	25p	10	322	− 4	402	278
RTZ	25p	9	287	− 4	362	226
GEC	25p	8	384	− 2	466	311
BAT Inds.	25p	6	278	− 2	362	255
BP	£1	6	1,165	−15	1,295	882
Marks & Spencer	25p	6	113	− 3	134	83
NatWest Bank	£1	6	328	− 4	406	278
Boots	25p	5	188	− 1	238	177
Courtaulds	25p	5	89	—	122	82
EMI	50p	5	94	− 2	144	92
Imperial Group	25p	5	92	− 1½	108	82
Racal Electronics	25p	5	463	− 2	495	337
Royal Insurance	25p	5	337	− 3	443	320
Town & City Props.	10p	5	22	− ½	23	14

FINANCIAL TIMES STOCK INDICES

	Aug. 21	Aug. 20	Aug. 17	Aug. 16	Aug. 15	Aug. 14	A year ago
Government Secs.	73.81	73.64	73.64	74.03	74.08	73.89	70.68
Fixed Interest	74.71	74.66	74.69	74.92	74.72	74.45	72.53
Industrial	464.5	467.4	474.2	479.7	474.2	475.1	533.3
Gold Mines	170.5	169.3	172.7	167.1	166.3	162.9	182.4
Gold Mines (Ex-$ pm)	153.3	151.7	152.7	147.1	147.0	145.8	122.9
Ord. Div. Yield	7.00	6.96	6.87	6.79	6.84	6.83	5.13
Earnings, Yld. % (full)	17.51	17.39	17.17	16.98	17.25	17.23	15.51
P/E Ratio (net) (*)	7.19	7.24	7.33	7.42	7.29	7.30	8.88
Total bargains	14,770	16,168	15,012	16,457	14,962	15,781	—
Equity turnover £m	—	82.84	59.10	83.81	65.35	59.15	106.87
Equity bargains total	—	12,877	10,559	11,946	10,272	10,761	20,886

10 am 467.7. 11 am 466.3. Noon 465.1. 1 pm 465.1.
2 pm 465.0. 3 pm 464.9.
Latest Index 01-246 8026.
*Nil=6.92.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. Ex-$ premium index started June, 1972. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1979 High	1979 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	75.91 (4/5)	64.64 (8/2)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	77.76 (5/5)	66.05 (15/2)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	558.6 (4/5)	446.1 (12/2)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	208.4 (8/5)	129.9 (17/4)	442.3 (22/5/75)	43.5 (26/10/71)
Gold Mines Ex $pm)	[illegible] (6/6)	95.2 (2/11)	337.1 (3/4/74)	54.3 (25/6/75)

S.E. ACTIVITY

	Aug. 21	Aug. 20
—Daily		
Gilt Edged	136.7	117.1
Industrials	143.8	157.7
Speculative	21.7	32.2
Totals	93.0	87.5
5-d'y Av'r'ge		
Gilt Edged	123.4	123.9
Industrials	128.9	126.3
Speculative	21.2	22.6
Totals	85.9	85.0

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Aug. 20	Aug. 31	Nov. 15	Nov. 26
Sep. 3	Sep. 14	Nov. 29	Dec. 10
Sep. 17	Sep. 28	Dec. 20	Jan. 7

For rate indications see end of Share Information Service

Money was given for the call in Burmah, Premier Oil, Avon Rubber, Bambers, Hawtin, Burton, Warrants: Northern Engineering, Lonrho, Hestair, Keyser Ullmann, Walker and Homer, Peter Stores, Britannia Arrow, Pacific Copper, Beecham and Dubilier. Puts were arranged in Marshall Cavendish, John Brown and New Throgmorton Capital, while doubles were traded in Premier Oil and Culter Guard Bridge.

CONTRACTS

The British and Norwegian armies have ordered mobile 10 kVA diesel-driven generator systems worth over £500,000 from **PLESSEY AEROSPACE**.

★

MARCONI COMMUNICATIONS SYSTEMS (a GEC-Marconi company), has an order from the Ministry of Defence for the supply of 26 radio communication transmitters from the MFT range, valued at around £500,000.

★

ABBEY ELECTRONICS (a Stone-Platt company) is supplying wheelslide/slip equipment worth £316,000 to British Rail. The system prevents wheels slipping on the rails when accelerating, or sliding during braking.

★

AFTER several years of unimpressive results, United Engineers Berhad, has reversed the trend by reporting a sharp improvement in interim profits, rising from 172,000 to 1.9m ringgit ($880,000). Turnover increased from 37m to 42m ringgit.

Sales and profits from the heavy equipment and commercial divisions showed a healthy improvement although profitability of the engineering division was still not satisfactory.

Directors see the prospects for 1979 as "encouraging" as a whole.

BBC occult series attacked

MRS. MARY WHITEHOUSE yesterday attacked the recent BBC occult series, the Omega Factor, for its dramatisation of violence.

Mrs. Whitehouse, general secretary of the National Viewers and Listeners Association, claimed that people who watched the series might try to copy the actions of the characters whose minds were shown being controlled.

NEW HIGHS AND LOWS FOR 1979

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1979.

NEW HIGHS (14)

BRITISH FUNDS (2)
Elect. 4¼pc '74-79   Fndg. 6½pc '85-87
AMERICANS (1)
Fluor Corp.
CANADIANS (1)
Gulf Oil Canada
BANKS (1)
Manson Finance
CHEMICALS (1)
Brent Chemicals
STORES (1)
Wharf Mill
ENGINEERING (1)
Bevan (D. F.)
INDUSTRIALS (2)
British Cinc.   Utd. Carriers
PROPERTY (1)
Chesterfield
TEXTILES (1)
Sekers Internatl.
TRUSTS (1)
Rothschild Inv.
TEAS (1)
Lawrie Plantations

NEW LOWS (17)

BANKS (1)
Guinness Peat
CHEMICALS (1)
Fisons
STORES (1)
Boardman (K. O.) Intl.
ELECTRICALS (1)
Cray Electronics
ENGINEERING (7)
Alcan Aluminium   Hopkinsons
Aurora   Shakespeare (J.)
Braithwaite   Triplex Foundries
CompAir
INDUSTRIALS (2)
Hoover A   Photo-Me
LEISURE (1)
Black & Edgington
MOTORS (2)
Appleyard   Braid
PAPER (1)
Dalyn.

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	53	8	28
Corpns. Dom. & Foreign Bonds	7	2	56
Industrials	147	333	829
Financial & Prop	86	100	321
Oils	4	14	21
Plantations	10	1	17
Mines	36	40	70
Others	32	50	70
Totals	375	548	1,510

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price p	+ or −	Div. Amount	Times Covered	Gross Yield	P.E. Ratio
¶¶	F.P.	24/8	75	60	Arrow Chemicals	70	......	b2.0	2.3	4.1	16.1
¶¶	F.P.	—	88½	85	Barlow Hldgs.	85	......	T2.6	1.1	4.4	29.6
80½	F.P.	27/7	105½	95½	Fairline Boats	99½	......	b5.2	2.5	7.5	7.1
160	F.P.	5/9	190	185	Mercantile House	190	......	10.72	2.3	8.1	7.8
**	F.P.	10/8	37	26	Mettoy Dfd.	35	......	—			
¶¶	F.P.	—	37	30	St. George Assets 10p	34	......	bd1.0	1.5	4.2	22.0
160	F.P.	8/8	198	192	Standard Tel. & Cables	193	......	b6.0	2.1	6.0	11.6

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price £	+ or −
¶91	F.P.	21/9	87	86	Aurora 8¼ Conv. Cum. Pref.	86	......
**	F.P.	21/9	103p	101p	Bradford Prop. 10½% Cum. Pref.	103p	......
100	F.P.	20/7	101¼	92	English & Overseas Inv. Conv.	93	......
¶96½	£10	29/11	12¼	8¼	Essex Water 8% Red Pref. 1984	11¾	......
¶¶	F.P.	—	75½	75	Lonrho 9% 2nd Mort. Deb. 87/92	75½	......
¶¶	F.P.	—	90½	89½	Do. 12⅛% 2nd Mort. Deb. 85-90	90½	......
¶¶	F.P.	—	99	97	Do. 12⅞% 2nd Mort. Deb. 80-83	98½	......
97	F.P.	24/8	99¼	97¾	Scot. Agricultural Sec. 13% Deb. 97-99	98½	−½
100p	—	7/9	102p	100p	Stonehill 10½% Cum. Prf.	101p	......
¶98	F.P.	24/8	101½	100½	Sund. & S. Shields Water 8% 1986	101	......
¶98	£10	18/10	13¾	10½	Wrexham Water 8% 1984	13¼	−½

"RIGHTS" OFFERS

Issue Price p	Am'unt Paid up	Latest Renunc. Date		1979 High	1979 Low	Stock	Closing Price p	+ or −
14	Nil	23/8	21/9	5pm	3pm	Abwood Machine Tools	3¼pm	+¼
25	Nil	24/8	14/9	46pm	48pm	Bank & Commercial	48pm	......
110	Nil	4/9	19/10	20pm	17pm	Bank Leumi	17pm	−5
A$2	Nil	—	—	60pm	37pm	Bank of New South Wales	60pm	+8
30	F.P.	3/8	24/8	41	38	Control Securities	38	−1
[illegible]	Nil	—	—	4pm	4pm	Dares Estates	4pm	......
60	F.P.	3/8	7/9	82	77	Goldberg (A)	81	......
50	F.P.	6/8	31/8	121	100	Hanson Trust	119	+1
47	F.P.	30/7	28/8	52	47½	Hargreaves	52	......
115	F.P.	20/8	21/9	135	124	Hay's Wharf	130	−1
88	F.P.	27/7	24/8	101	91	Highland Dist.	92	−1
155	F.P.	13/7	24/8	208	182½	Holt Lloyd Intl	206	......
10	F.P.	5/7	7/9	118	107	Intl. Timber	116	−1
30	F.P.	—	—	41	36	Lennons	40pm	......
110	Nil	—	—	12pm	10½pm	Letraset	12pm	......
5	Nil	29/8	18/9	5pm	3pm	London Inv. Trust	4½pm	......
5cts	Nil	15/8	17/8	1pm	Nil	Ovenstone	Nil	......
157	F.P.	20/7	24/8	75	60	UBM	74	......
10	Nil	5/9	17/10	2pm	1pm	Yorkgreen Invs.	1½pm	......

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. *g* Assumed dividend and yield. *u* Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. *pt* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security. ‡‡ Issued as units comprising 2 income shares and 10 Capital shares at 125p per unit.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section	Tues., Aug. 21, 1979 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Mon., Aug. 20 Index No.	Fri., Aug. 17 Index No.	Thurs., Aug. 16 Index No.	Wed., Aug. 15 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	242.63	−0.6	17.82	5.88	7.21	243.97	247.95	249.25	246.76	248.95
2	Building Materials (27)	226.39	−0.7	18.39	5.98	7.10	227.88	232.65	232.96	228.14	226.68
3	Contracting, Construction (28)	368.67	−0.3	24.77	5.87	5.04	369.83	378.90	376.82	371.91	413.64
4	Electricals (15)	611.16	−0.5	13.36	[illegible]	10.03	614.27	623.83	626.27	623.15	[illegible]
5	Engineering Contractors (12)	353.39	−0.3	20.49	6.04	6.10	354.58	362.74	369.61	365.95	363.73
6	Mechanical Engineering (74)	173.59	−0.6	19.27	6.72	6.60	174.64	176.96	178.27	176.72	198.68
8	Metals and Metal Forming (16)	160.98	−0.7	19.44	9.30	6.30	162.08	164.11	165.45	164.23	181.64
	CONSUMER GOODS										
11	(DURABLE) (52)	233.54	−0.2	15.74	5.00	7.97	234.08	236.49	238.03	235.41	226.33
12	Lt. Electronics, Radio, TV (16)	330.03	−0.1	12.24	3.83	10.56	330.22	332.00	334.53	331.46	279.14
13	Household Goods (13)	146.17	−1.9	19.92	7.47	6.16	149.01	151.34	151.77	150.34	186.42
14	Motors and Distributors (23)	112.71	−0.3	23.73	7.40	5.12	113.01	115.44	115.97	114.11	135.65
	CONSUMER GOODS										
21	(NON-DURABLE) (171)	236.96	−0.5	16.52	5.99	7.55	238.16	242.08	244.15	241.51	225.49
22	Breweries (14)	283.67	−0.1	15.99	5.39	7.46	284.02	287.90	291.74	289.95	238.10
23	Wines and Spirits (6)	311.46	−0.5	17.64	5.77	7.08	313.04	316.90	322.64	321.99	288.43
24	Entertainment, Catering (17)	297.82	−0.5	16.63	6.83	7.89	299.22	306.22	313.92	312.78	275.26
25	Food Manufacturing (19)	205.32	+0.1	19.22	6.47	6.48	205.18	207.91	208.99	206.49	222.68
26	Food Retailing (15)	311.58	−0.6	11.87	4.10	10.05	313.50	317.44	320.00	316.65	233.52
32	Newspapers, Publishing (12)	416.67	—	22.70	6.98	6.18	416.52	419.73	416.33	414.41	409.38
33	Packaging and Paper (15)	127.71	+0.1	23.02	8.73	5.63	127.59	129.28	129.58	127.63	148.33
34	Stores (41)	246.04	−1.0	11.90	4.24	11.01	248.45	253.42	254.86	251.15	216.22
35	Textiles (23)	156.07	+0.4	23.41	9.88	5.41	155.52	157.61	157.39	154.66	184.93
36	Tobaccos (3)	238.92	−1.0	24.02	9.31	4.73	241.38	245.52	247.49	244.99	263.63
37	Toys and Games (6)	78.59	−0.4	21.99	8.57	5.78	78.89	79.25	79.25	78.76	121.32
41	OTHER GROUPS (99)	201.34	−0.2	15.82	6.25	7.78	201.76	204.34	205.65	202.69	217.88
42	Chemicals (18)	277.16	−0.6	18.31	6.97	6.38	278.70	282.74	283.81	280.31	307.49
43	Pharmaceutical Products (7)	224.70	—	12.48	4.88	9.79	224.65	226.27	229.73	224.47	283.95
44	Office Equipment (6)	116.44	−0.2	16.98	7.21	7.39	116.70	119.22	120.39	119.09	[illegible]
45	Shipping (10)	448.52	+0.6	10.48	6.69	12.78	445.89	449.62	453.07	447.81	421.26
46	Miscellaneous (58)	241.97	−0.2	16.09	6.05	8.01	242.36	245.68	246.44	243.29	232.59
49	INDUSTRIAL GROUP (494)	236.68	−0.4	16.62	5.95	7.54	237.70	241.23	243.00	240.22	236.81
51	Oils (6)	620.83	−1.2	12.80	6.84	8.31	628.55	630.24	639.56	641.04	[illegible]
59	500 SHARE INDEX	267.98	−0.6	15.98	6.10	7.66	269.58	272.95	275.30	272.79	260.64
61	FINANCIAL GROUP (116)	189.54	−0.4	—	5.58	—	190.22	193.00	194.42	191.62	179.29
62	Banks (6)	217.10	−0.9	38.08	5.90	3.35	219.16	223.77	226.78	222.26	197.57
63	Discount Houses (10)	263.98	+0.3	—	6.95	—	263.09	264.96	264.96	263.39	213.78
64	Hire Purchase (5)	168.81	−0.1	19.65	5.14	6.52	169.00	172.44	169.63	167.71	169.79
65	Insurance (Life) (10)	151.96	+0.3	—	6.69	—	151.51	154.82	155.06	150.83	155.27
66	Insurance (Composite) (8)	123.75	−0.2	—	7.59	—	[illegible]	126.82	127.86	125.46	[illegible]
67	Insurance Brokers (10)	269.37	−0.2	18.59	6.81	7.70	269.83	269.54	268.49	267.61	[illegible]
68	Merchant Banks (14)	99.00	−0.4	—	5.56	—	99.37	99.55	99.79	99.40	86.23
69	Property (43)	367.64	−0.3	3.31	2.48	44.19	368.77	372.98	374.71	372.54	263.87
70	Miscellaneous (10)	118.38	−0.1	15.72	7.48	8.15	118.46	119.04	118.80	117.61	[illegible]
71	Investment Trusts (110)	213.35	+0.2	—	5.34	—	212.97	215.22	215.34	212.74	240.22
81	Mining Finance (4)	121.05	−1.4	16.46	6.24	7.45	122.73	123.55	125.44	124.82	110.39
91	Overseas Traders (20)	[illegible]	−0.8	15.51	7.51	7.88	342.09	345.20	343.77	343.83	333.95
99	ALL-SHARE INDEX (750)	245.86	−0.5	—	6.00	—	247.31	250.27	252.21	249.71	239.56

FIXED INTEREST PRICE INDICES

	British Government	Tues., Aug. 21	Day's change %	xd adj. today	xd adj. 1979 to date
1	Under 5 years	105.20	+0.01	—	6.45
2	5-15 years	118.71	+0.40	—	7.53
3	Over 15 years	125.55	+0.56	—	8.00
4	Irredeemables	138.76	—	—	7.24
5	All stocks	115.75	+0.25	—	7.57

FIXED INTEREST YIELDS

British Govt. Av. Gross Red.

			Tues., Aug. 21	Mon., Aug. 20	Year ago (approx.)
1	Low	5 years	[illegible]	[illegible]	[illegible]
2	Coupons	15 years	[illegible]	[illegible]	[illegible]
3		25 years	[illegible]	[illegible]	[illegible]
4	Medium	5 years	[illegible]	[illegible]	[illegible]
5	Coupons	15 years	[illegible]	[illegible]	[illegible]
6		25 years	[illegible]	[illegible]	[illegible]
7	High	5 years	[illegible]	[illegible]	[illegible]
8	Coupons	15 years	[illegible]	[illegible]	[illegible]
9		25 years	[illegible]	[illegible]	[illegible]
10	Irredeemables		[illegible]	[illegible]	[illegible]

		Tues., Aug. 21 Index No.	Yield %	Mon. Aug. 20	Fri. Aug. 17	Thurs. Aug. 16	Wed. Aug. 15	Tues. Aug. 14	Mon. Aug. 13	Fri. Aug. 10	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	58.54	12.88	58.53	58.49	58.42	58.41	58.41	58.33	[illegible]	[illegible]
16	Investment Trust Prefs. (15)	50.89	15.16	50.89	50.97	50.89	51.11	51.11	50.69	50.69	51.52
17	Coml. and Indl. Prefs. (20)	71.14	13.59	71.14	71.29	71.29	71.40	71.40	71.46	71.57	70.08

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 22p.

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Gilt Int. Tst.	108.0	113.7	+0.2	3.13
Abbey Capital	37.3	39.7	...	4.54
Abbey Income	43.7	46.5	-0.1	7.53
Abbey Inv. Tst. Fd.	37.3	39.7	...	5.32
Abbey Gen. Tst.	49.9	53.1xd	...	4.59
Equitas Prog. Tst.	69.4	73.2	...	4.63

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB 01-623 6314

AHR Gilt & Pref.	97.0	102.1xd	...	12.01

Allied Hambro Group (a)(g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds

Allied 1st	71.3	76.3xd	-0.1	5.45
Brit. Inds. Fund	69.8	74.7	-0.1	5.44
Grth. & Inc.	40.5	43.3	-0.1	5.08
Elect. & Ind. Dev.	38.0	40.7	-0.1	4.57
Allied Capital	75.8	81.1	-0.3	4.93
Hambro Fund	117.0	125.2	-0.4	5.65
Hambro Acc. Fd.	136.8	146.4	-0.3	4.58

Income Funds

High Yield Fd.	72.5	77.6xd	-0.3	8.81
High Income	70.6	75.5	-0.1	7.15
A.H. Eq. Inc.	40.7	43.5xd	-0.2	7.45

International Funds

International	25.5	27.3	...	2.94
Pacific Fund	36.3	38.8	...	2.29
Secs. Of America	57.7	61.7	+0.3	2.04

Specialist Funds

Smaller Co.'s Fd.	47.4	50.7	-0.2	3.94
2nd Smlr. Co's Fd.	58.6	62.7	-0.3	3.99
Recovery Sits.	113.1	121.0	-0.1	5.43
Met. Min. & C'dty.	46.2	49.4	-0.2	5.26
Overseas Earnings	56.7	60.7	-0.2	4.78

Friends' Provdt. Unit Tr. Mgrs.♥
Pixham End, Dorking. 0306 5055

Friends Prov. Uts.	48.7	52.0	...	4.70
Do. Accum.	65.2	69.7	...	4.70

Funds in Court*
Public Trustee, Kingsway, WC2. 01-405 4300

Capital Aug. 16	108.4	110.3	...	4.53
Gross Inc. Aug. 16	77.8	80.6	...	9.68
High Yield Aug. 16	85.5	88.6xd	...	9.59

*Unauth. restricted to monies under Court control.

G.T. Unit Managers Ltd.♥
16 Finsbury Circus, EC2M 7DD 01-628 8131

G.T. Cap. Inc.	104.5	111.1	-0.2	4.10
Do. Acc.	129.7	137.9	-2.8	4.10
G.T. Inc. Fd. Un.	173.4	184.4	-0.8	8.10
G.T. U.S. & Gen.	139.2	148.0	+0.3	2.70
G.T. Japan & Gen.	80.0	84.6	-0.5	2.10
♦Gt. Pens. Ex. Fd.	220.1	237.0	...	5.40
G.T. Int'l Fund	154.8	164.6	+2.0	2.70
G.T. Four Yds. Fd.	54.4	57.8	...	7.80
G.T. Far East & Gen.	44.2	47.5	+0.3	3.40

G. & A. Trust (a) (g)
5 Rayleigh Road, Brentwood. (0277) 227300

G. & A.	35.7	38.1	-0.1	5.07

Gartmore Fund Managers♥ (a)(g)
2 St. Mary Axe, EC3A 8BP 01-623 6114
Dealing only: 01-623 5766/5806

American Tst.	26.4	28.4	+0.2	0.87
British Tst. (Acc.)	64.4	69.2xd	-0.3	3.20
Commodity Share	29.5	31.7	...	3.18
Extraincome Tst.	24.1	25.9	-0.1	9.35
Far East Trust	30.7	33.0	-0.1	0.14
High Income Tst.	58.7	63.1xd	-0.1	9.47
Income Fund	76.1	81.8xd	-0.4	7.46
Ins. Agencies	£14.11	15.07	-0.04	4.24
Intl. Exempt Fd.	93.0	100.4	-0.4	6.90

[illegible]

INSURANCE & PROPERTY BONDS

[illegible]

OFFSHORE & O'SEAS FUNDS

[illegible]

NOTES

[illegible]

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

1979 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
99 5/32	95⅝	Electric 4¼pc '74-79	99 5/32xd	+1/32	4.28	13.19
100¼	54⅝	Treasury 10½pc '79‡‡	99 5/32	+1/32	10.57	13.58
98¼	94½	Electric 3½pc '76-79	97 15/32	+1/32	3.58	12.57
99⅜	95⅞	Treasury 9pc 1980‡‡	98¼xd	−⅛	9.16	12.57
99⅜	95 11/16	Treasury 9½pc '80‡‡	97⅞	......	9.70	12.48
97	92¼	Treasury 3½pc '77-80	94⅝	......	3.69	10.48
97⅜	92⅞	Funding 5¼pc '78-80‡‡	95⅝	......	5.49	10.91
103⅝	99 3/16	Exchequer 13pc 1980‡‡	100½	......	12.93	12.43
102⅛	96 11/16	Treasury 11½pc 1981‡‡	99 5/16	......	11.56	11.87
93¾	88⅞	Treasury 3½pc 1979-81	93	......	3.76	8.61
99 11/16	92 9/16	Treasury 9¾pc 1981‡‡	96 9/16	+1/16	10.09	12.11
96¼	89½	Exch. 8¼pc 1981	94 5/16	+1/16	8.75	11.86
98 11/16	91⅛	Exch. 9½pc 1981	95 13/16	+1/16	9.91	11.93
91¼	84¼	Exch. 3pc 1981	90	−⅛	3.33	8.54
98 3/16	96	Treas. Variable '81§§	97¼	−1/16	14.19	15.23
104 15/16	97 7/16	Exch. 12¾pc 1981‡‡	101½	−1/16	12.56	11.90
96⅞	88	Treas. 8½pc '80-82‡‡	93⅜	......	9.10	11.71
89½	82	Treasury 3pc '82‡‡	88⅛	−⅛	3.40	8.38
108⅜	100⅞	Treasury 14pc '82‡‡	104½xd	−1/16	13.39	11.95
97¼	94⅜	Treas. Variable '82§§	95 15/16	−1/16	14.38	15.58
95¼	85⅝	Treasury 8¼pc '82	92⅛	......	8.95	11.52
97¾	86½	Exch. 9¼pc 1982	93¼xd	......	9.91	11.94
95⅞	84⅝	Exch. 8¾pc 1983	92½	......	9.45	11.46
86⅛	77¾	Exch 3pc '83	83⅞xd	−⅛	3.57	8.41
104⅝	93⅛	Treasury 12pc 1983‡‡	99⅞xd	......	12.01	12.07
95	93½	Treas. Variable '83§§	93 15/16	......	14.69	15.96
97¼	84½	Treasury 9¼pc '83	92 15/16	......	9.95	11.52
98 3/16	85½	Exch. 10pc 1983	93⅝	+1/16	10.68	11.91
89½	78¼	Funding 5½pc '82-84‡‡	85⅝	......	6.42	9.56
30 1/32	29 13/16	Exch. 11¼pc '84 £30 pd.●	30¼	......	11.53	11.98
77¼	76⅝	Exch. 3pc 1984	77 7/16	......	3.88	8.91
		Five to Fifteen Years				
101¼	97¼	Treasury 12pc 1984	98⅝xd	+⅜	12.02	12.07
110	93¼	Exch. 12¼pc 1985	103½	+⅜	12.19	12.12
95	80	Treasury 8½pc '84-86‡‡	92⅛	+⅜	9.32	10.32
112⅛	97¾	Exch. 13¼pc 1987	105⅞	+⅜	12.64	12.24
84⅜	72½	Funding 6½pc '85-87‡‡	84⅜	+⅜	7.89	9.81
88⅜	73½	Treasury 7¾pc '85-88‡‡	85⅝	+⅜	9.11	10.45
70⅞	58⅜	Transport 3pc '78-88	66¼	+⅜	4.55	8.58
73	61⅛	Treasury 5pc '86-89	71⅝	+⅜	7.16	9.74
113⅞	93¾	Treasury 13pc 1990‡‡	105⅝	+⅜	12.46	12.24
89¼	72¾	Treasury 8¼ 87 90‡‡	83⅝	+⅜	10.05	11.13
106⅛	86¼	Treasury 11¾pc 1991	98⅛	+⅜	12.14	12.27
72½	60⅜	Funding 5¾pc '87-91‡‡	71⅞	+⅜	8.31	10.37
98⅞	89¼	Exch. 11pc 1991	95	+⅜	11.93	12.24
111⅝	91	Treasury 12¾pc '92‡‡	103½	+⅜	12.44	12.35
94⅛	75½	Treasury 10pc 1992	87⅛	+⅜	11.48	12.01
107⅞	86¾	Exch. 12¼pc '92	99⅝xd	+⅜	12.28	12.29
110½	89¼	Treasury 12½pc '93‡‡	102¼	+⅜	12.38	12.35
69⅛	54⅝	Funding 6pc 1993‡‡	65¾xd	+⅜	9.14	10.81
119¼	98	Treasury 13¾pc 1993‡‡	117⅝	+⅜	12.70	12.48
121¼	98¼	Treasury 14½pc '94‡‡	112½xd	+⅜	12.84	12.55
		Over Fifteen Years				
109	87½	Exch. 12½pc 1994	100⅞xd	+⅜	12.39	12.36
88¼	72	Treasury 9pc '94‡‡	84	+⅜	11.02	11.58
106⅞	85¼	Treasury 12pc '95	98¾	+¼	12.26	12.30
51⅜	42	Gas 3pc '90/95	51¼	......	5.96	8.95
95⅛	75⅝	Exch. 10¼pc 1995	88⅛	+⅜	11.75	12.06
106½	92¼	Treasury 12¾pc '95‡‡	106⅞	+⅜	12.38	12.31
85⅝	68⅛	Treasury 9pc '92/96‡‡	80⅜xd	+⅜	11.11	11.62
124¾	107½	Treasury 15¼pc '96‡‡	122⅞	+⅜	12.95	12.65
116¼	95⅞	Exchequer 13¼pc '96‡‡	109¾	+⅜	12.48	12.35
50⅛	41¾	Redemption 3pc 1986-96	49¾	......	6.17	8.91
115⅝	92¾	Treasury 13¼pc '97‡‡	107¼	+⅜	12.48	12.37
95⅝	75⅝	Exchequer 10½pc 1997	88⅝xd	+⅜	11.85	12.07
83⅝	66	Treasury 8¾pc 1997‡‡	78¼xd	+⅜	11.14	11.62
68	56	Treasury 6¾pc '95-98‡‡	67⅛	+⅜	10.37	11.26
128⅝	106⅞	Treas. 15½pc '98‡‡	126⅞	+⅜	12.89	12.65
108⅝	86¼	Exch. 12pc 1998	101⅛	+⅜	12.24	12.25
89⅝	71¼	Treasury 9½pc 1999‡‡	83½	+⅜	11.51	11.80
106⅛	96⅝	Exch. 12¼pc 1999	98⅜xd	+⅜	12.25	12.27
97⅛	77⅝	Treasury 10½pc 1999	90⅞	+⅜	11.91	12.07
107	84½	Exch. 12pc '99-02	99½	+⅜	12.18	12.18
118	99	Treas. 13¾pc 2000-03	110⅞	+⅜	12.52	12.41
97¼	90¼	Treasury 11½pc '01-04	94xd	+⅜	12.12	12.17
42½	32½	Funding 3½pc '99-04	40¼	......	8.77	10.78
111⅛	88⅛	Treasury 12½pc '03-05	105⅛	+⅜	12.26	12.23
75	62	Treasury 8pc '02-06‡‡	74	+⅜	11.27	11.50
55¾	53⅛	Trs. 11¾pc 03-07 £40 pd.	55½	+⅜	12.13	12.15
54	41⅞	Treasury 5½pc '08-12‡‡	50⅝xd	+¼	10.88	11.11
73⅞	57⅛	Treasury 7¾pc '12-15‡‡	69	+⅜	11.32	11.42
109¾	85¼	Exch. 12pc '13-'17	102⅛	+⅜	11.99	11.98
		Undated				
36	28½	Consols 4pc	34⅛	......	11.80	—
35⅛	28	War Loan 3½pc‡‡	33⅞	......	10.58	—
39½	33½	Conv. 3½pc '61 Aft.	39¼	......	9.24	—
27⅛	22¼	Treasury 3pc 66 Aft.	26⅞	......	11.66	—
24¼	19½	Consols 2½pc	24	......	10.56	—
22⅞	18⅝	Treasury 2½pc	22½	......	11.62	—

INTERNATIONAL BANK

86	80	5pc Stock '77-82	86xd	......	5.82	10.57

CORPORATION LOANS

101	88¼	Bath 11¼pc 1985	98½	......	11.84	12.39
107¼	93	Birm'ham 12½pc 1985	102	......	12.60	12.66
104	99½	Bristol 13¾pc 1981	101½xd	......	13.54	12.63
110¼	102½	Burnley 13pc 1987	103¼	......	12.95	12.89
100	86¼	Cardiff 11pc 1986	96½	......	11.84	12.51
103½	95¼	G.L.C. 12½pc '82	100¼	+¼	12.47	12.34
104¼	93½	Do. 12½pc 1983	100¼	+¼	12.47	12.40
95	86	Glasgow 9¼pc '80-82	92¼	+½	10.03	12.25
78½	66⅛	Herts 6½pc 1985-87	75¾	......	8.95	11.56
98	86	Liverpool 9¾pc '80-84	90½	......	10.78	12.44
30	24¼	Do. 3½pc Irred	27¼	......	13.29	—
106 15/16	99½	Lon. Corp. 13¼pc '83	102¼	......	12.96	12.51
93½	83	Do. 9½pc '84-85	92	......	10.46	11.96
84	72	L.C.C. 5½pc '82-84	80¾	......	6.78	10.51
74½	62¼	Do. 5½pc '85-87	72½	......	7.70	11.05
74	59¼	Do 6¾pc '88-90	72	......	9.48	11.42
26	20½	Do. 3pc '20 Aft.	24¼	−¼	12.52	—
99¼	93	Newcastle 9¼pc '78-80	97xd	......	9.54	12.36
105½	92¼	Sunderland 12¼pc 1984	100¼	......	12.44	12.61

COMMONWEALTH & AFRICAN LOANS

88	81¼	Aust. 5½pc '81-82	87¾	......	6.42	12.07
84	75½	Do. 6pc 1981-83	81½	......	7.48	12.05
71½	61¾	N.Z. 7¼pc 1988-92	69½	......	10.59	12.14
84¼	74½	Do. 7½pc '83-86	81½	......	9.33	11.74
95	84¼	Sth. Africa 9½pc '79-81	95	......	10.32	13.72
93	43	Sth. Rhod. 2½pc '65-70	90	......	—	—
130	81	Do. 6pc '78-81	127	+2	—	—

LOANS

Public Board and Ind.

66¾	56	Agric. Mt. 5pc '59-89	66½	......	7.60	10.68
92	75	Alcan 10½pc '89-94	86	......	12.70	12.91
30½	24½	Met. Wtr. 3pc 'B'	28¾xd	+¼	10.40	12.32
129	113	U.S.M.C. 9pc 1982	119	......	7.71	—
95	87	Do. without Warrants	90½	......	10.19	13.90

Financial

103¾	98¼	FFI 13pc 1981	100	−¼	13.00	12.92
107	100	Do. 14pc '79	101	......	14.24	—
108¼	98¼	Do. 14pc '83	104	......	13.46	12.74
86½	77½	ICFC 5½pc Deb. '80-82	83½xd	......	6.58	11.90
85	71½	Do. 6¼pcDb. '81-84	79½	......	8.04	12.10
99	84½	Do. 10½pc Uns.Ln. '86	93	......	11.46	12.40
99	84½	Do. 11pc Uns.Ln. '88	95	......	11.51	12.10
101½	84	Do. 11¾pc Uns.Ln. '90	96½	......	12.35	12.60
72½	57	Do. 7¼pcADeb. '89-92	67	+¼	11.08	12.70
69	53½	Do. 7¼pcA Db. '91-94	64½xd	......	11.24	12.60
81½	64½	Do. 9pc'A' '91-94	75½xd	......	11.92	12.70
78½	62½	Do. 8⅞pcLn. '92-97	72½xd	......	12.24	12.70
102	95½	Do. 12½pc. Uns. Ln. 1992	99xd	+½	12.58	12.50

FOREIGN BONDS & RAILS

[illegible]

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

[illegible]

S.E. List Premium 11⅛% (based on US$2.2142 per £). Conversion factor 0.8989 (0.8961)

CANADIANS

[illegible]

S.E. List Premium 11⅛% (based on $2.5813 per £)

BANKS AND HIRE PURCHASE

[illegible]

£17¾	930	Com'zbk DM 10	994p	......	Q26.6%	—	6.8	—
£18½	£10¼	C'hgn.Hbk.Kr100	£10¼	......	Q12%	—	11.1	—
41	29	Corinthian 10p	38	......	1.05	5.9	3.9	4.4
£24¾	£15	Cred. France F75	£17	......	Q9.87%	—	3.8	—
16	12	Dawes (G. R.)	13	......	—	—	—	—
£121	£64	Deutsche Bank DM50	£67¼	+¼	Q28.12%	—	5.1	—
90	63	F. C. Finance	63	......	2.2	4.9	5.0	5.8
8¼	5¼	First Nat. 10p	5¼	......	—	—	—	0.4
4	2	Do. Wrrts. 75-83	2½	......	—	—	—	—
266	178	Gerrard Natnl.	266	......	9.12	—	4.9	—
62	39	Gibbs (A.)	52	−1	2.2	—	6.0	—
270	217	Gillett Bros. £1	225	−1	†16.95	—	10.8	—

BANKS & HP—Continued

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

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INDUSTRIALS (Miscel.)

[illegible]

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INDUSTRIALS—Continued

1979 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
[illegible]	33	Harris & Sheldon	39	.....	h2.21	2.2	8.1	8.2
[illegible]	53	Hawkins & Tipson	55	.....	4.46	2.4	11.6	4.1
[illegible]	12¾	Hawtin 5p	14¾	.....	0.25	6.7	2.5	6.5
[illegible]	54	Hay (Norman) 10p	54	.....	3.7	1.8	9.8	8.2
[illegible]	126	Hay's Wharf £1	130	−1	F7.21	2.3	7.9	7.4
[illegible]	27	Henshaw 'A' 10p	56	+2	d1.1	6.3	2.8	8.1
[illegible]	74½	Hepworth Crmc.	108½	.....	3.68	3.6	4.8	7.4
[illegible]	36	Hestair	36	.....	3.5	—	13.9	—
[illegible]	25	Hewitt (J.) 5p	37	.....	1.28	6.3	5.2	3.9
[illegible]	44	Highgate & Job 50p	45	+1	—	—	—	—
[illegible]	77	Hill (Chas.) £1	77	.....	d2.0	—	3.7	—
[illegible]	29	Hirst Mal'son 20p	36	−1	t2.6	3.6	10.8	3.5
[illegible]	78	Holden (A.)	87	.....	4.0	3.4	6.8	5.9
[illegible]	52	Hollis Bros	61	+1	5.12	φ	12.0	φ
[illegible]	148	Holt Lloyd Int. 10p	206	+2	H9.0	2.3	6.2	11.3
[illegible]	130	Hoover 'A'	130	−5	12.0	1.1	13.8	8.6
[illegible]	130	Hoskins & H 20p	138	.....	10.39	1.4	10.8	8.6
[illegible]	23½	Howard Tenens	43½	.....	1.91	1.9	6.3	10.0
[illegible]	142	Hunting Assoc.	235	.....	2.44	11.4	1.5	6.7
[illegible]	48	Huntleigh 10p	83	.....	0.76	6.5	1.3	15.1
[illegible]	40	Hutch Whamp SHK1	47	−3	023c	2.5	4.7	8.5
[illegible]	22	Hyman (I. & J.) 5p	24	−½	d0.96	3.6	5.7	7.0
[illegible]	95	††IAS Cargo Air	113	.....	d3.0	φ	3.9	φ
[illegible]	135	Do. 6% Cnv Pref.	168	.....	6.0%	φ	5.1	—
[illegible]	£11⅞	I.C. Industries$1	£13¾	.....	Q$1.84	—	6.1	—
[illegible]	420	ICL £1	473	−2	†8.29	8.0	2.5	5.2
[illegible]	358	Imp. Cont. Gas £1	515	−3	18.09	2.5	5.0	8.9
[illegible]	25	Ingall Inds. 10p	25	.....	†1.87	1.6	10.7	8.3
[illegible]	88½	Initial Services	113	.....	5.5	2.5	7.0	6.7
[illegible]	16	Inter-City 20p	22	−½	1.17	4.0	7.6	3.8
[illegible]	72	Jacksons Bourne	135	.....	φ3.0	φ	3.2	φ
[illegible]	15¼	James (M.) Inds. 20p	17	−¼	d0.5	φ	4.2	φ
[illegible]	100	Jardine M. SHK5	110	−2	Q71c	2.2	6.3	7.3
[illegible]	30	Jentique	34½	.....	†2.22	1.4	9.2	10.7
[illegible]	9	Johnson & Barnes	10	.....	—	—	—	—
[illegible]	105	Johnson Clnrs.	158	−1	5.06	3.7	4.6	6.4
[illegible]	185	Johnson Mthy. £1	205	−3	8.5	φ	5.9	φ
[illegible]	36	Jourdan (T.) 10p	42	.....	3.22	1.1	11.0	(11.0)
[illegible]	35½	Kalamazoo 10p	53½	.....	†2.16	1.8	5.8	13.6
[illegible]	107	Kelsey Inds.	145	.....	†3.61	7.5	3.6	5.3
[illegible]	40	Kennedy Sm. 10p	48	.....	H1.77	3.1	5.3	9.7
[illegible]	925	Kershaw (A.) 5p	£10¼	−½	†23.25	2.0	3.3	(17.5)
[illegible]	61½	Kleen-E-Ze Hldgs.	65	.....	4.5	φ	9.9	φ
[illegible]	92	L.C.P. Hlds.	125	−1	5.5	2.3	6.3	8.7
[illegible]	33	L.K. Ind'l. Invs.	33	.....	d2.9	1.6	12.6	(6.0)
[illegible]	26	L.R.C. Int. 10p	29	−½	2.23	1.4	11.6	8.3
[illegible]	57	Lawtex	77	+3	†3.22	5.2	6.0	3.3
[illegible]	135	Lead Inds. 50p	153	−1	8.23	3.1	7.7	5.1
[illegible]	59	Leadenhall Sterling	100	.....	b2.57	4.2	3.7	9.1
[illegible]	41	Le Bas (Ed)	65	.....	1.84	7.5	4.0	4.0
[illegible]	33½	Leboff Fobel 10p	40½	−½	2.0	φ	7.2	φ
[illegible]	237	Lep Group 10p	295	.....	12.5	2.2	6.1	8.9
[illegible]	44	Lesney Prods. 5p	53	−2	d3.24	3.2	8.7	(3.8)
[illegible]	118½	Letraset 10p	119xr	.....	17.14	φ	8.6	φ
[illegible]	115	Lindustries	140	−1	φ9.9	2.1	10.6	5.7
[illegible]	34¼	Lon. & Nthn. Grp.	39	.....	3.35	2.6	12.3	4.5
[illegible]	10	Long Hmbly. 10p	14	.....	†h0.4	6.5	4.1	3.8
[illegible]	68	Longton Trans.	88	.....	s4.5	φ	7.6	φ
[illegible]	64	Lonsdale Univrsl.	69	.....	†h4.14	2.6	8.6	5.0
[illegible]	160	Low & Bonar 50p	165	.....	12.16	2.4	10.5	4.7
[illegible]	44	M.Y. Dart. 10p	56	+1	§2.43	3.0	6.2	6.5
[illegible]	113	M'c'rthy Ph. 20p	150	.....	6.5	φ	6.2	φ
[illegible]	64	Macfarlane Gp.	88	.....	h3.43	2.4	5.6	10.8
[illegible]	11½	McCleery L'A	14½	.....	0.5	3.5	4.9	(6.3)
[illegible]	23	MacLellan (P. & W.)	23	.....	1.79	2.2	11.1	(4.7)
[illegible]	71½	Macpherson (D.)	99	−1	h4.18	5.5	6.0	4.5
[illegible]	8	††Maddock	9	+1	—	—	—	—
[illegible]	43	Magnolia Group	80	.....	dh1.16	9.4	2.1	6.3
[illegible]	270	Man. Ship Can. £1	305	.....	†15.80	1.3	7.5	14.3
[illegible]	40½	Marling Ind. 10p	62	+1	d1.25	φ	2.9	φ
[illegible]	30	Marshall L'xy. 'A'	30	.....	d2.78	4.5	13.2	1.9
[illegible]	116	Marshall's Univ	134	−2	5.95	3.7	6.3	4.7
[illegible]	31	Martin-Black	32	.....	2.0	1.2	8.9	(12.4)
[illegible]	£79	Mathesons 7¾pc	£81	.....	Q7¾%	2.3	f9.6	—
[illegible]	124	Maynards	138	.....	†5.43	2.7	5.6	9.4
[illegible]	13½	Mentmore 5p	14½	.....	d1.01	1.4	10.0	10.1
[illegible]	258	Metal Box £1	274	.....	18.09	2.4	9.4	5.1
[illegible]	95	Metal Closures	123	.....	4.7	2.9	5.5	9.1
[illegible]	55	Mettoy	67	.....	h2.36	5.5	5.0	5.0
[illegible]	£82	M'santo 5pc 82-6	£99½	.....	Q5%	19.8	f5.0	—
[illegible]	5	Monument 10p	5½	−¼	—	—	—	8.5
[illegible]	109	Morgan Crucible	122xd	.....	6.38	2.4	7.5	6.9
[illegible]	34	Moss (Robt.) 10p	37	.....	2.72	2.2	10.5	5.1
[illegible]	14	Movitex 10p	28	.....	0.34	2.8	1.7	30.4
[illegible]	54	Myson Gp. 10p	88	−1	†2.75	4.0	4.5	5.7
[illegible]	67	Nash (J. F.) Secs.	70	.....	†5.77	2.5	11.8	3.8
[illegible]	56	Nathan (B. & I.)	70	.....	3.63	4.7	7.4	3.1
[illegible]	40	Nat. C'rb'nsg 10p	76	−1	0.7	—	1.3	—
[illegible]	£83	N.C.R. 4% 93/98	£110	.....	Q4%	11.9	(3.6)	—
[illegible]	44	Negretti & Zambra	44	.....	1.93	1.2	6.6	(17.5)
[illegible]	123	Neil&Sp'ncer 10p	198	.....	†4.7	4.5	3.4	8.6
[illegible]	22	New Equip. 10p	22	.....	0.99	2.1	6.4	10.8
[illegible]	80	Norcros	88½	−1	4.95	2.6	8.0	6.9
[illegible]	15½	Norvic Secs. 10p	21	.....	†0.8	1.2	5.6	(19.3)
[illegible]	25	Nu-Swift 5p	28½	−½	1.75	1.5	8.8	9.9
[illegible]	£90	Oce Finance Cv.	£91	.....	Q9%	—	(10.1)	—
[illegible]	118	Office & Elect.	169	+1	4.6	3.6	3.9	9.6
[illegible]	102	Olrex 20p	124	−1	3.6	3.8	4.1	9.1
[illegible]	11	Ovenstone 12½c	11½	.....	FsQ3c	1.9	14.1	3.7
[illegible]	59	P.M.A. (Holdings)	112xd	.....	F4.2	b3.3	5.4	8.3
[illegible]	84	Parker Knoll 'A'	87	.....	†b2.41	7.4	4.0	5.5
[illegible]	114	Pauls & Whites	139	.....	4.93	3.8	5.1	6.9
[illegible]	24½	Pentland 10p	29½	.....	0.85	5.6	4.1	4.5
[illegible]	53½	Pentos 10p	86	.....	†4.02	3.1	6.7	8.7
[illegible]	78	Do. Defd. 20p	84	.....	—	—	—	—
[illegible]	44	Petrocon 12½p	49	.....	4.51	1.0	13.2	10.8
[illegible]	21	Phillips Patents	22	.....	—	—	—	17.9
[illegible]	235	Photo-Me 50p	335	−3	†6.03	5.2	2.6	8.9
[illegible]	275	Pilkington Br. £1	315xd	+2	7.9	4.6	3.6	8.5
[illegible]	£62	Plin'y Bowes Ln.	£69	.....	Q5½%	5.6	8.2	—
[illegible]	29	Plastic Const. 10p	31xd	.....	†d2.32	2.0	10.7	6.8
[illegible]	51	Polymark 10p	72½	.....	3.04	2.7	6.1	7.1
[illegible]	216	Portals	248	.....	8.79	2.8	5.1	9.9
[illegible]	160	Powell Duff. 50p	168	.....	11.0	2.3	9.4	5.5
[illegible]	21	Press (Wm.) 5p	24	.....	1.04	5.1	6.2	4.6
[illegible]	169½	Prestige Group	174	.....	6.24	3.1	5.1	8.5
[illegible]	34½	Pritchard Svs. 5p	41½	.....	1.67	3.6	5.8	5.5
[illegible]	15½	Prov. Launds. 5p	44xd	.....	t0.87	4.2	2.8	20.5
[illegible]	113	Do. 12%cnv. 86-88	400	.....	Q12%	3.4	f2.9	—
[illegible]	55	R.F.D. Group 10p	58	.....	2.7	φ	6.6	φ
[illegible]	10½	RTD Group 20p	14	.....	—	—	—	6.9
[illegible]	32	Radiant Mtl. 12½p	42	.....	2.1	3.3	7.1	6.1
[illegible]	206	Rank Org.	210	.....	H10.7	3.1	7.5	6.0
[illegible]	194	Reckitt & Colman	218	.....	5.95	3.5	3.9	(7.8)
[illegible]	222½	Redfearn Glass	227	−3	15.84	1.7	10.0	(7.0)
[illegible]	45	Reed Exec. 10p	88	.....	h3.35	2.9	5.4	8.6
[illegible]	149	Reed Intl. £1	167	.....	8.0	5.3	6.8	3.7
[illegible]	82	Relyon PBWS	101xd	.....	†4.57	2.3	6.5	9.5
[illegible]	130	Renown Inc. Y50	130	.....	Q20%	φ	2.0	φ
[illegible]	42	Renwick Group	56	+1	3.0	φ	7.7	φ
[illegible]	66	Restmor	84	+3	3.0	φ	5.3	φ
[illegible]	63	Rexmore	63	−1	d4.85	2.4	11.0	(4.4)
[illegible]	286	Ricardo	352	.....	67.0	3.6	2.8	10.2
[illegible]	37	Riley (E. J.) 10p	58	.....	†2.6	1.9	6.4	11.8
[illegible]	36	Rock Darham 10p	50	+2	—	—	—	—
[illegible]	92	Rockware	97	+3	5.9	3.5	8.7	3.5
[illegible]	41	Ropner Hldgs.	59	.....	3.2	φ	7.7	φ
[illegible]	42½	Do. 'A'	59	.....	3.2	φ	7.7	φ
[illegible]	34	Rotaprint 20p	42	.....	2.95	2.4	10.0	(4.7)
[illegible]	30	Rowan & Boden	45	.....	1.47	7.0	4.7	(3.2)
[illegible]	145	Royal Worcs.	172	+4	7.13	3.5	5.9	6.4
[illegible]	94	Russell (A.) 10p	138xd	+2	4.0	φ	4.1	φ
[illegible]	13	Ryan (L.) 5p	20½	−½	—	—	—	6.8
[illegible]	£12	St.-Gobain Frs.100	£13	−¼	Q13.65%	φ	13.2	φ
[illegible]	137	Sale Tilney	192	.....	5.65	3.7	4.2	9.1
[illegible]	30	Sanderson Mkt. 10p	42	−1	1.17	5.3	4.0	φ4.9
[illegible]	88	Sangers Grp.	92	.....	6.38	2.5	10.4	4.3
[illegible]	96	Scapa Group	102	.....	6.25	2.5	8.8	5.1
[illegible]	£34½	Schlumberger $1	£41⅞	.....	Q$1.10	4.6	1.2	18.5
[illegible]	59	Scotcros	88	.....	F4.42	4.6	7.2	4.2
[illegible]	31½	Scot. Heritable	48	−½	N0.92	7.7	2.8	4.7
[illegible]	35½	Sears Hldgs.	55½	.....	1.44	3.2	3.7	12.2
[illegible]	122	Securicor Gp.	176xd	−4	†2.54	6.3	2.1	9.9
[illegible]	120	Do. 'A' N-V	172xd	−4	†2.54	6.3	2.1	9.7
[illegible]	124	Security Services	178xd	.....	†3.55	4.0	2.8	9.8
[illegible]	123	Do. 'A' N-V	176xd	.....	†3.55	4.0	2.9	9.7
[illegible]	110	Sharna Ware 20p	158	−2	d2.66	10.1	2.4	5.3
[illegible]	156	Siebe Gorman	173	.....	6.41	4.1	5.4	4.9
[illegible]	56	Silentnight 10p	75	.....	dh2.43	4.8	4.6	4.6
[illegible]	42	Silhouette 'A' 20p	88	.....	φ3.32	2.0	5.4	(10.9)
[illegible]	21	Silv'rthorne 10p	23	.....	1.5	2.8	9.5	5.3
[illegible]	100	Simpson (S.) 'A'	115	.....	4.26	3.3	5.3	8.1
[illegible]	143	Sketchley	179	−3	5.49	3.0	4.4	11.0
[illegible]	66	Smith&Neph. 10p	80	.....	†2.71	2.7	4.9	9.1
[illegible]	184	Smiths Inds. 50p	195	.....	†8.09	3.4	5.9	5.8
[illegible]	33	Solic. Law 20p	36	.....	1.47	2.4	5.8	10.0
[illegible]	29½	Somic	31	.....	2.55	2.9	11.8	4.1
[illegible]	315	Sotheby P.B.	340	+3	†9.0	3.4	3.8	10.3
[illegible]	95	Sparrow (G. W.) 20p	127	.....	2.4	5.1	2.8	(7.5)
[illegible]	150	Spear (J.W.)	158	.....	2.09	φ	1.9	φ
[illegible]	90	Staffs. Potts	92	.....	†h3.16	4.5	4.9	4.9
[illegible]	145	Stag Furniture	186	.....	6.5	5.0	5.0	5.0
[illegible]	161	Steetley	186	.....	7.2	3.7	5.5	5.7
[illegible]	20	Stelux Mfd. HK$1	23	.....	Q54c	1.1	19.8	4.7
[illegible]	26	Sterling Inds. 2½p	28	.....	1.46	1.5	7.5	13.0
[illegible]	64	Stocklake	90	.....	†2.87	4.2	4.6	5.8
[illegible]	104½	Stonehill Hlds.	134	+1	d8.0	2.5	8.5	5.9
[illegible]	11	Sumner (F.) 10p	11½	.....	0.79	1.5	9.8	9.5
[illegible]	32	Sunlight Serv. 10p	41	.....	1.34	3.8	4.7	8.0
[illegible]	35½	Sutcliffe Speak.	40	.....	1.32	6.4	4.7	3.6
[illegible]	725	Swedish Match K50	900	.....	Q10%	1.6	6.2	10.1
[illegible]	72	Swire Pacific 60c	82	.....	Q45c	2.1	5.2	9.2
[illegible]	144	Sytone	205	.....	d7.0	4.0	5.0	5.9
[illegible]	8	Talbex 5p	9¼	−½	0.55	3.3	8.1	4.2
[illegible]	8½	Tebbitt 10p	9½	+½	—	—	—	—
[illegible]	88	Thermal Synd.	127	.....	†6.0	1.8	6.8	9.8
[illegible]	8	Th. Times Vn. 5p	16	.....	0.44	φ	3.9	φ
[illegible]	21	Third Mile Inv.	22½	.....	1.00	2.4	6.4	8.7
[illegible]	114	Tilling T. 20p	130	−2	N6.0	3.7	6.6	5.4
[illegible]	45	Toothill R.W.	45	.....	2.62	φ	8.3	φ
[illegible]	72	Toye	76	+1	d1.4	8.1	2.6	4.7
[illegible]	58	Trafalgar H. 20p	65	+½	†b3.84	2.7	8.4	5.4
[illegible]	£15½	Trans.Un. US$1	£17⅛	.....	Q$2.36	—	6.3	—
[illegible]	63	Transport Dev.	70	.....	†3.60	2.0	7.5	9.3
[illegible]	4¼	Tranwood Gp. 5p	4¾	.....	—	—	—	16.0
[illegible]	73¾	Triefus	95xc	.....	h1.38	φ	2.1	φ
[illegible]	114	T'rner & New. £1	125	.....	11.5	1.3	13.1	(7.5)
[illegible]	132	UKO Intl.	133	.....	9.68	1.6	10.4	(7.1)
[illegible]	94	Unicorn Indust's.	104	.....	N6.83	2.5	9.4	6.7
[illegible]	75	Uniflex 10p	96	.....	3.07	φ	4.6	φ
[illegible]	482	Unilever	509	+2	22.27	2.9	6.3	6.6
[illegible]	£16⅞	Un'v N.V.Fl.12	£17¼	.....	Q44%	2.6	6.8	5.6
[illegible]	90	Utd. Carriers 10p	144	+2	2.93	4.7	2.9	8.9
[illegible]	61	United Gas Inds.	82	.....	4.50	2.7	8.2	5.2
[illegible]	27½	U. Guarantee 5p	29	.....	m0.2	14.1	1.0	10.2
[illegible]	10½	Unochrome 10p	11	.....	±0.23	1.5	‡	74.2
[illegible]	43¼	Valor	77xc	.....	h2.08	5.3	3.8	5.2
[illegible]	23	Viners 10p	26½	+½	1.0	1.3	5.4	(18.0)
[illegible]	134	Vinten Grp. 20p	162	+2	2.5	4.9	2.2	11.8
[illegible]	34	'W' Ribbons 10p	41	.....	‡3.35	0.2	‡	—
[illegible]	40	Wade Potts. 10p	55	.....	†2.12	6.2	2.9	6.7
[illegible]	9½	Walker Hmr. 5p	15	.....	±d0.9	—	‡	—
[illegible]	26	Waterford 5p	28	.....	±Q1.60	3.2	5.4	7.1
[illegible]	308½	Watsham's	320xd	.....	8.1	φ	3.6	φ
[illegible]	105	Watson R.K. 10p	110	.....	d3.0	4.4	3.9	7.7
[illegible]	75	Wedgwood	80	−7	4.18	3.5	7.5	4.2
[illegible]	73	Westn. Board 10p	101	.....	d4.4	2.5	6.2	9.3
[illegible]	29½	W'lock. M.H.K.$1	33½	−½	sQ20c	φ	79.9	φ
[illegible]	93	Whatman R Angel	93	.....	h2.26	φ	3.5	φ
[illegible]	103	Whitecroft	107	.....	7.7	2.0	10.3	5.7
[illegible]	24	Whiteley B.S.&W.	24	.....	1.25	3.1	7.4	6.1
[illegible]	52	Wilkes (J.)	72	.....	4.12	2.2	8.2	7.6
[illegible]	34	Wilkins Mitchell	47	.....	2.21	0.5	6.7	67.5
[illegible]	145	Wilk'sn. M'tch. £1	149xd	+2	11.37	2.4	10.9	4.4
[illegible]	£77	Do. 10pc Cnv.	£81	.....	Q10%	18.2	f12.7	—
[illegible]	38	Williams (J.)	38	.....	2.75	2.1	10.3	6.6
[illegible]	57	Wills (George)	63	.....	3.35	3.9	7.6	4.8
[illegible]	12	Wilson Walton 10p	16	.....	±3.23	2.6	‡	1.9
[illegible]	44½	Winn Inds. 20p	56	+2	3.12	3.2	8.0	5.1
[illegible]	42	Witter (Thomas)	45xd	+1	†3.51	2.7	11.1	4.7
[illegible]	40	Wood & Sons 5p	43	−1	d1.67	1.9	5.6	(11.5)
[illegible]	30	Wood (Arthur) 5p	32	.....	1.0	5.7	4.5	4.9
[illegible]	82	Wood Hall	82	.....	t5.94	1.3	10.4	10.4

INSURANCE

1979 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
148	98	Bowring (C. T.)	116	−2	3.36	5.3	4.4	6.5
38	14	Brentnall Bd. 10p	18	.....	‡0.57	—	‡	—
[illegible]	150	Britannic 5p	164	.....	10.14	—	9.1	—
[illegible]	835	Combined Am. $1	£10	.....	Q$1.2	—	5.4	—
[illegible]	134	Comm. Union	137	−1	8.54	—	9.2	—
[illegible]	125	Eagle Star	146	+1	6.84	—	6.7	—
[illegible]	24	Edn. & Gen. Ins. 10p	30	+1	—	—	—	—
£130	£121	Ennia UK 9%Cnv.	£126	.....	Q9%	—	f7.3	—
[illegible]	164	Equity & Law 5p	184	.....	7.75	—	6.0	—
[illegible]	188	Gen. Accident	224	+2	12.02	—	7.9	—
[illegible]	210	G.R.E.	242	.....	11.6	—	6.8	—

INSURANCE—Continued

1979 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
141	77	Hambro Life 5p	124	.....	4.76	—	5.5	—
280	160	Heath (C E) 20p	195	.....	5.42	4.7	4.0	6.8
151	82½	Hogg Robinson	93	.....	4.94	4.0	7.8	5.0
137	79	Howden (A.) 10p	87	.....	7.0	1.6	11.5	7.3
£42	£36	Do Warrants	£37	.....	—	—	—	—
190	138	Legal & General	157	.....	6.51	—	5.9	—
158	118	Lon. & Man. 5p	132	.....	7.34	—	7.8	—
196	129	London United 20p	149	−1	5.31	4.2	5.1	6.6
194	107	Minet Hldgs. 20p	125	.....	3.72	3.9	4.2	7.7
60	32	Moran (Chris) 20p	36	.....	4.0	1.3	15.9	6.8
304	216	Pearl 5p	244	.....	14.05	—	8.2	—
306	216	Phoenix	238	+2	11.56	—	6.9	—
158	134	Provident	138	.....	9.12	—	9.4	—
193	134	Prudential	162	+1	8.06	—	7.1	—
172	134	Refuge 5p	142	+2	9.2	—	9.3	—
443	320	Royal	337	−3	†18.77	—	8.2	—
123	78	Sedg Forbes 10p	92	+1	T5.0	2.1	7.8	8.6
110	71	Stenhouse	89	−3	4.52	2.5	7.3	6.6
238	167	Stewart Wr. 20p	195	.....	11.05	2.4	7.7	6.8
682	474	Sun Alliance £1	536	−2	22.5	—	6.0	—
147	95	Sun Life 5p	121	.....	†3.48	—	4.1	—
938	512	Taisho Mar. EDR	581	−9	aQ10%	—	0.2	—
215	170	Trade Indemnity	212	.....	9.38	—	6.3	—
£27¾	£18⅛	Travelers $2.50	£19½	−⅛	Q$2.08	—	4.8	—
270	185	Willis Faber	215	.....	10.05	2.2	6.7	9.9

LEISURE

1979 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
100	55	Anglia TV 'A'	78	+3	†h3.14	4.0	5.8	6.2
109	70	Assoc. Leisure 5p	107	.....	4.25	2.6	5.8	8.7
167	107	Barr & W.A.T. 'A'	125	.....	d3.5	6.6	4.0	5.1
102	68	Black Edgtn. 50p	68	−2	d4.99	1.6	10.5	7.4
202	156	Boosey & Hawkes	180	.....	5.67	2.5	4.5	11.5
127	92	Campari Int. 20p	113	.....	†2.0	9.2	2.5	4.3
133	106	Coral Leis. 10p	107	.....	6.7	2.0	8.9	7.9
53	35	Grampian 'A' 10p	48	.....	2.44	3.3	7.3	5.5
163	118	HTV Non/Vtg.	130	.....	†9.0	2.0	10.2	7.1
37	16	Hawley Leisure 5p	35½	−½	t0.8	2.6	3.3	(17.9)
274	127	Horizon 5p	208xd	+1	†5.64	4.6	3.9	8.0
26	14	H'w'rd Wy'd 20p	29	.....	†h0.62	3.8	4.4	5.7
176	136	LWT "A"	150	−1	†9.28	1.9	8.8	8.4
186	107	Mngmt. Ag. M. 10p	143	−1	§6.89	3.5	6.9	5.6
40	34	Medminster 10p	34	.....	†2.03	2.1	8.8	7.9
10	6½	Nationwide 5p	7	.....	0.37	0.1	7.6	—
168	138	Norton & Wri. 10p	140	.....	2.98	φ	3.1	φ
56	39	Photax (Lon.)	56	.....	d3.03	2.0	7.7	9.3
166	89	Pleasurama 5p	162	−1	†2.4	7.2	2.1	9.4
71	65	Redif. TV Pref. £1	68	.....	5.95	27.4	12.5	—
244	142	Saga Holidays	168	.....	g6.75	2.5	5.7	10.0
238	104	Samuelson 20p	210	−2	d8.39	1.6	5.7	15.4
91	62	Scott. TV 'A' 10p	88	−1	2.63	8.0	4.3	4.2
69½	50½	Trid'nt TV 'A' 10p	60	−1	†3.16	2.8	7.5	6.7
98	64	Ulster TV 'A'	81	−1	†4.3	φ	7.6	φ
22	17	Webb (Jos.) 5p	19	.....	d0.56	φ	4.3	φ
33½	25½	Westward TV 10p	25½	−½	†1.84	1.7	10.3	8.0
77	54	Zetters 5p	71	+1	1.3	7.1	2.6	7.7

MOTORS, AIRCRAFT TRADES

Motors and Cycles

1979 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
26	18	B.L. 50p	18	.....	—	—	—	—
215	128	Gen. Mrs. Units	149xd	.....	Q30.50	2.0	9.2	6.0
52	33	Lotus Car 10p	33	.....	0.7	6.5	3.1	7.1
12½	8	Reliant Mtr. 5p	8¼	.....	—	—	—	6.6
105	67	Rolls-Royce Mtrs.	69	.....	5.23	2.7	10.8	4.3
£13⅛	775	Volvo Kr50	900	.....	tQ14%	φ	8.3	φ

Commercial Vehicles

1979 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
140	91	E.R.F. (Hldgs.)	98	−3	3.4	φ	5.0	φ
61	41	Fodens (50p)	42	−2	2.61	—	8.9	—
14½	7½	Peak Invests. 10p	9½	+1	—	—	—	—
176	105	Plaxtons	174	−1	d4.75	5.6	3.9	5.7
54	41	York Trailer 10p	42	−1	†d2.39	2.1	8.4	6.2

Components

1979 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
78	50	Abbey Panels	64	.....	2.68	3.4	6.0	7.0
52	36	Airflow Stream	45½	.....	d2.74	2.7	8.6	(5.1)
75	55	Armst'ng Eq. 10p	62	.....	†d2.26	5.9	5.2	7.1
111	77	Assoc. Eng'g.	79	+½	†5.24	2.2	9.5	6.4
108½	69	Automotive	92½	−½	†1.52	9.7	2.4	5.7
73	56	Bluemel Bros.	67	−1	3.82	1.9	8.1	9.2
34	23½	Brown Bros. 10p	23½	.....	†1.08	3.7	6.6	4.3
£22	£12½	Dana Corp $1	£15	.....	Q144c	3.3	4.4	7.0
76	56	Delilight	68	.....	bd5.0	2.2	10.5	6.3
357	252	Dowty 50p	314	−2	7.5	q3.8	3.5	8.8
80	59	Dunlop 50p	60	−1	5.3	1.5	12.6	7.1
214	110½	Flight Refuelling	182	−2	h2.4	4.7	1.9	16.2
17½	10½	Hrmn. Smith 10p	14	.....	20.23	—	2.3	—
63½	45½	Kwik-Fit Hldgs. 10p	53½	−½	F1.34	4.9	3.3	9.6
310	244	Lucas Inds. £1	250	.....	†9.18	4.6	5.2	4.3
71	46	Supra Group 10p	66	.....	h1.44	3.3	3.1	10.6
105	84	Woodhead (J.)	102	−1	5.87	3.6	8.2	3.7
89	68½	Zenith 'A' 50p	82	−1	2.62	1.1	4.6	27.6

Garages and Distributors

1979 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
95	64	Adams Gibbon	78	.....	4.62	3.0	8.6	5.6
18½	12½	Alexanders 5p	14¼	+1	—	—	—	10.1
114	75	Appleyard Grp.	75	−2	6.25	2.5	11.9	3.8
142	98½	Arlington Motor	102	.....	9.0	2.3	12.6	3.9
47½	32¼	BSG Int. 10p	34¼	−¼	2.38	2.8	9.9	(4.0)
47½	32	Braid Group 5p	32	−1	†1.54	4.3	6.9	4.9
102	78	Bramall (C. D.)	93	.....	d4.56	3.6	7.0	(4.2)
95	51	Brit. Car Auct. 10p	65	.....	†2.51	2.0	5.5	12.7
25½	19	C.G.S.B. 10p	20	−2	±1.59	2.4	‡	5.2
132	99	Caffyns 50p	105	.....	6.8	2.7	9.4	(4.7)
57	41½	Cowie (T.) 5p	44	−½	†2.27	4.2	7.4	3.3
128	88½	Davis Godfrey	113	.....	5.5	4.7	7.0	3.3
89	62	Dorada	67	.....	h4.57	2.7	9.7	5.5
55½	39	Dutton Forshaw	46½	.....	3.13	3.7	9.6	(3.0)
58½	34	Gates (F.G.)	41	.....	h1.27	φ	4.4	φ
62	32	Glanfield Lawr.	50	−1	1.25	1.6	3.6	22.4
85	43	Hanger Invs. 10p	65	.....	d0.5	32.8	1.1	2.8
78½	48½	Harrison (T.C.)	66	.....	h2.46	3.9	5.3	6.8
96	64	Hartwells	70	.....	h4.6	3.5	8.6	3.8
137	99	Henlys 20p	100	−1	8.71	3.0	12.4	3.6
59½	41	Heron Mtr. Grp.	49xd	−1	φ1.72	φ	5.0	φ
83	55	Hurst (Charles)	70	.....	5.96	φ	12.2	φ
60	38½	Jessups	39	−1	†1.98	4.3	7.3	4.3
85	64	Kenning Mtr.	64xd	.....	4.63	3.6	10.3	3.1
119	72	Lex Service Grp.	98xd	−½	†4.5	4.6	6.6	3.4
73	48	Lookers	50	−1	†2.74	5.5	8.1	2.4
33½	24	Manor Nat. Group 20p	27	.....	2.14	φ	11.3	φ
21	8	Nelson David 5p	15	.....	—	—	—	39.1
15¼	9¼	Pennine Cont. 10p	11	.....	—	—	—	—
179	107	Perry (H.) Mtrs.	132	+1	3.66	7.1	4.0	3.7
51	36½	Quick (H. & J.) 10p	42½	−½	1.83	4.5	6.2	5.2
135	69	Tate of Leeds	101	.....	1.25	20.6	1.8	2.7
51½	33½	Wadham Str. 10p	34½	+½	2.46	3.1	10.2	3.6
100	75	Western Mtr.	85	.....	2.46	2.7	4.1	(9.8)

NEWSPAPERS, PUBLISHERS

1979 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
253	163	Assoc. News	222	−1	6.48	q4.3	4.2	8.0
348	240	Ass. Book P. 20p	295	.....	5.13	7.4	2.5	7.7
100	60	BPM Hldgs. 'A'	75	+3	3.2	5.3	6.1	4.6
72	53	Benn Brothers	65xd	+1	3.0	φ	6.6	φ
170	150	Black (A. & C.)	158	.....	d5.39	3.4	4.9	8.6
138	112	Bristol Post	112xd	.....	7.75	φ	9.9	φ
165	126	Collins William	130	.....	5.18	3.2	5.7	5.8
164	118	Do. "A"	118	.....	5.18	3.2	6.3	5.3
476	347	Daily Mail 'A' 50p	415	.....	†12.8	1.4	4.4	22.7
64	41	E. Mid. Allied 'A'	60	.....	†1.74	5.2	4.1	5.7
83	70	Gordon & Gotch	70	.....	5.90	φ	12.0	φ
103	68	Home Counties	100	.....	5.0	3.5	7.1	5.7
166	130	Independent N.	132	−3	N8.67	2.3	9.4	7.6
447	268	Int. Thomson£1	342	.....	10c	6.4	1.3	11.9
374	210	do. Conv.	340	.....	10.5	6.4	f4.7	—
138	108	L'pool D. Post 50p	123	.....	8.11	φ	9.4	φ
54	43	Marshall Cav. 10p	44	.....	4.42	1.1	14.4	9.0
194	132½	News Int.	155	.....	†h4.96	5.7	4.7	5.3
273	193	Pearson Longman	217	.....	6.68	4.5	4.4	7.2
75	47	Portsm'th & Sund.	65	.....	h2.8	4.0	6.2	5.7
56	39	Pyramid 10p	48	.....	d2.74	2.2	8.2	8.0
240	190	Routledge & KP	212	.....	d4.6	4.4	3.1	8.2
230	140	Sharpe (W. N.) Hldgs.	227	.....	d4.53	5.5	2.8	9.1
400	303	Utd. Newspapers	365	.....	15.61	3.8	6.1	5.7
65	53	Websters Pub. 5p	58½	−½	1.50	3.6	3.7	10.5
43½	32½	Wilson Bros. 20p	35xd	.....	1.8	3.1	7.3	5.1

PAPER, PRINTING ADVERTISING

1979 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
67½	46	Assoc. Paper	49	+1	3.48	2.7	10.1	4.8
60	40½	Ault & Wiborg	48xd	.....	†2.16	4.2	6.4	5.2
89	71	Bemrose	71	.....	4.27	3.4	8.6	(3.7)
59	38	Brit. Printing	40	.....	3.5	3.3	12.5	2.6
69	52	Brunning Grp.	61	+1	d3.85	3.9	9.0	3.7
68	47	Do. Restric. Vtg.	60	+1	d3.85	3.9	9.2	3.6
108	83	Bunzl Pulp	104	.....	5.48	3.7	7.5	4.7
52	38	Capseals 5p	40	.....	d2.12	4.8	7.6	5.2
48	21	Causton (Sir J.)	41	.....	h1.83	5.9	6.4	5.1
145	89	Chapman Bal. 50p	110	.....	4.34	φ	5.8	φ
109	91	Clay (Richard)	94	.....	2.94	4.3	4.5	6.8
117	73	Collett D'son 10p	114	.....	φ3.65	4.9	4.7	6.2
127	83	Cropper (James)	120	.....	2.5	φ	3.0	φ
34½	23	Culter Guard	29½	.....	1.5	3.2	7.3	6.2
20	15	Delyn 20p	15	−1	—	—	—	17.5
136	101	DRG	106	+1	7.82	1.7	10.5	7.6
80	65	East Lancs. Ppr	65xd	.....	†3.68	3.5	8.1	5.1
69	57	Eucalyptus	69	.....	4.25	2.2	8.8	6.0
128	96	Ferry Pick 10p	120	.....	†2.86	3.6	3.4	11.6
55	43	Geers Gross 10p	45	.....	3.0	φ	9.5	φ
70	58	Harrison & Sons	58	.....	4.26	1.1	10.5	(11.3)
66	32	Inveresk Grp. 50p	36	−1	2.83	1.1	11.2	(11.5)
278	188	L & P. Poster 50p	270	.....	12.0	3.8	6.4	5.7
145	103	McCorquodale 50p	105	.....	H7.3	3.2	9.9	4.5
72½	47½	Melody Mills	65	+1	h3.0	3.8	6.7	5.6
273	203	Mills & Allen 50p	272	.....	†5.0	7.8	2.6	7.0
117	61	More O'Ferr. 10p	90	.....	hd3.0	3.9	4.8	7.8
£18¼	881	Ogilvy & M. $2	£11	.....	Q$1.16	4.1	4.7	5.2
36	20	Olives Paper 20p	33	.....	†h1.34	3.6	5.9	6.8
77	60	Oxley Print Grp	64	.....	2.76	5.5	6.2	3.1
149	85	Saatchi 10p	132	−1	†h3.19	4.2	3.5	11.7
82	68	Smith (David) 20p	75xd	.....	4.75	φ	9.8	φ
195	137	Smurfit (Jeffsn.)	149	+2	8.75	2.5	7.7	6.9
75	62½	Transparent Ppr.	63	.....	5.51	1.2	12.5	9.6
69	60	Usher Walker 10p	62	.....	3.61	1.1	8.3	15.7
82½	51	Wace Group 20p	73	.....	b1.32	7.1	2.6	8.5
196	156	Waddington (J.)	161	+1	11.68	1.2	10.4	10.9
137	76½	Watmoughs	125	.....	h3.04	4.4	3.5	9.4
32	18	Wyatt (W'drow) 5p	30	.....	2.5	φ	12.5	φ

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

FINANCE, LAND—Continued

[illegible]

OILS

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

CENTRAL RAND

[illegible]

EASTERN RAND

[illegible]

FAR WEST RAND

[illegible]

O.F.S.

[illegible]

FINANCE

[illegible]

DIAMOND AND PLATINUM

[illegible]

CENTRAL AFRICAN

[illegible]

MINES—Continued

AUSTRALIAN

[illegible]

TINS

[illegible]

COPPER

[illegible]

MISCELLANEOUS

[illegible]

GOLDS EX-$ PREMIUM

[illegible]

NOTES

[illegible]

"Recent Issues" and "Rights" Page 24

REGIONAL MARKETS

[illegible]

OPTIONS

3-month Call Rates

[illegible]

FINANCIAL TIMES
Wednesday August 22 1979

Khomeini orders expulsion of three Western journalists

THE IRANIAN authorities have told three resident Western journalists, including Mr. Andrew Whitley of the Financial Times, to leave the country after a call from Ayatollah Khomeini, the country's unofficial head of state, to be more revolutionary.

The other journalists told to quit are Mr. Towyn Mason of the BBC and M. Jerome Dumoulin of the Paris magazine L'Express. He received the expulsion order less than 48 hours after arriving in Iran.

Dr. Ali Behzadnia, foreign Press director of the Ministry of National Guidance, yesterday told all three to leave as soon as possible.

Mr. Mason was told the authorities objected to the general tone of BBC broadcasts about Iran. M. Dumoulin was criticised for an L'Express article about life after the revolution, while Mr. Whitley, who had been in Iran for two years, was given no explanation for his expulsion.

Asked for specific criticisms of BBC coverage, Dr. Behzadnia replied, according to Mr. Mason, "We don't have to tell the BBC what they already know."

Dr. Behzadnia said the expulsions were a revolutionary decision which over-ruled any legislation already in force, a reference to restrictions on the foreign press issued last week.

The authorities also announced that they intended to expel two West German journalists who went to cover events in Kurdistan without obtaining Government credentials. They had been ordered back to Teheran and would then be expelled.

Meanwhile, Ayatollah Ahmed Azari Qomi, the Teheran Islamic revolutionary prosecutor, announced yesterday that 26 newspapers and magazines had so far been closed down by the authorities.

The press purge began at the weekend following a fierce attack by Ayatollah Khomeini on opposition parties and newspapers. He said the Government, revolutionary guards and army had not been revolutionary enough and must start taking revolutionary action.

Ayatollah Qomi was quoted by state radio yesterday as saying opposition groups had abused the freedom the February revolution gave them.

In the latest move against Left-wing political parties, the authorities on Monday night sealed the offices of the pro-Soviet Tudeh (Communist) Party. The whereabouts of its leadership were yesterday unknown.

In the Kurdish border town of Paveh, scene of bloody fighting between rebels and revolutionary guards at the weekend, an Islamic court president presided over by Ayatollah Sadeq Khalkhali sentenced 13 insurgents to death on charges of waging war on god and his representatives. Five other rebels went before the firing squad in the nearby city of Kermanshah.

Reuter

Shipyard workers act over cuts

BY RAY PERMAN, SCOTTISH CORRESPONDENT

WORKERS at all the major shipyards in Scotland, and one in Sunderland, are taking industrial action against British Shipbuilders' proposals to cut the shipbuilding industry.

Scott Lithgow on the lower Clyde became the latest group to be hit when 8,000 men walked out after a meeting yesterday and decided on an indefinite overtime ban.

They stopped short of the refusal to launch ships, imposed by workers at Govan, Scotstoun and Yarrow yards, in Glasgow, Robb Caledon at Dundee, and Sunderland shipbuilders on the Wear.

The launch of a Polish bulk carrier scheduled for next Wednesday is unlikely to be affected.

Stewards at Govan and Scotstoun, who have been leading the action, are to outline to boilermakers' union leaders today the strategy they want to see adopted by the National Delegate Conference of Shipbuilding Unions, in Newcastle tomorrow.

Their plan to save yards and jobs, unveiled yesterday, questions the basic assumption of British Shipbuilders' corporate plan that world ship orders are still declining, and calls for a campaign to persuade the Government to stimulate work for the industry by encouraging UK shipping lines to scrap the 10 per cent of the fleet which is over 15 years old, and order replacement vessels.

Mr. Sammy Gilmour, convener at Govan, said that two recent events had made a scrap-and-build policy — already under consideration by the Government and the European Commission — far more attractive.

The rise in oil prices had forced ship owners to look again at replacing turbine engined vessels with more economical diesel-propelled ships and the increasing concern over polution was likely to create a demand for a new generation of tankers in which the cargo oil tanks were surrounded by a protective shield of ballast tanks.

The Government could make regulations to ensure that any tanker transporting North Sea oil was fitted with these tanks.

Substantially, the document prepared by the Govan stewards is the same as one presented to Sir Keith Joseph, the Industry Secretary, when he visited the yard. Mr. Gilmour admitted that it did not appear to have influenced the Government so far, but added that it was up to the shipbuilding unions to provide the political will to make the Government change its mind.

Mr. Gilmour said that stewards accepted that there was a short-term order problem and that lay-offs might be inevitable. These could be discussed. Only the threat of closure of yards was not negotiable and must be removed.

The two yards have estimated that the cost of the closures, redundancies and short-time working proposed by British Shipbuilders would total £15.2m and that this sum, if used as a 30 per cent subsidy on orders, could finance the building of seven bulk carirers.

Hazel Duffy, Industrial Correspondent, writes: British merchant shipyards showed no signs of improving on their very low level of orders during the second quarter of the year.

The latest figures from British Shipbuilders published today put the total order book for merchant ships at 88, valued at £632m, which is substantially less than the capacity of the yards before the cuts it plans.

There is concern that the industrial action will make it more difficult to win the few orders in the offing. Sunderland Shipbuilders, for instance, has been expressing hopes that it will win an order for two 31,000-ton bulk carriers.

Editorial Comment—Page 16

Carter hears Mid-East proposals

BY DAVID BUCHAN IN WASHINGTON

PRESIDENT CARTER'S top foreign policy advisers met yesterday to discuss the disarray in U.S. Middle East policy and telephoned the President, who is on holiday, with their recommendations.

The meeting was summoned hastily following the abortive trip of Mr. Robert Strauss, the Middle East envoy, to urge both Egypt and Israel to accept an American proposal recognising Palestinian rights.

According to Mr. Cyrus Vance, the secretary of state, "unanimous" recommendations were reached at the White House meeting chaired by Vice-President Walter Mondale whom Mr. Carter has put in temporary charge of Mid-East policy. They were designed to redraw U.S. strategy in this week's United Nations debate and vote on the Palestinian issue.

The Carter Administration has tried, first, to support moderate Arab-sponsored resolutions, and then to initiate a resolution of its own, recognising the right to self-determination for the Palestinians. The aim was to encourage Palestinians to participate in the talks about their autonomy on the West Bank and Gaza Strip, occupied by Israel.

But President Carter has said the U.S. would cast its Security Council veto against any call for a separate Palestinian state, as included in a current Kuwaiti-sponsored resolution.

Administration attempts to steer a middle course on this were plunged into confusion over the weekend when Mr. Robert Strauss, the U.S. mediator in the Palesinian autonomy talks, encountered strong Israeli objections and Egyptian misgivings over a U.S. plan to push a mild Palestinian resolution of its own in the Security Council.

Mr. Vance stressed the recommendations reached at yesterday's meeting attended by Mr. Strauss were unanimous. The impression of confusion in policy making had earlier been compounded by Mr. Strauss telling reporters travelling back from the Middle East with him on Monday that the plan for a U.S.-sponsored resolution had been misbegotten in the first place.

He claimed he had learnt about it only from sealed written instructions handed him as he boarded an Israel-bound aircraft last Thursday. This led the State Department, already involved in a row with Mr. Andrew Young over the exact cause of his resignation as Ambassador to the UN last week, to insist Mr. Strauss had been present at meetings last week at which the U.S. plan was given the go-ahead.

Reverberations about the Young affair continued yesterday as black American leaders, deeply upset about the abrupt departure of the most prominent black in the Carter Administration, met with Israel's ambassador to the United Nations.

An Israeli protest about Mr. Young's meeting last month with the Palestine Liberation Organisation representative in New York precipitated the Ambassador's resignation.

Leaders of the Southern Christian Leadership Conference, a black civil rights organisation with which Mr. Young was long associated, met on Monday with the same PLO representative, Mr. Zehdi Terzi.

Weather

UK TODAY

SHOWERS and sunny intervals in most areas.

London, S. England, E. Anglia, Midlands, Channel Isles
Sunny periods, scattered showers. Max. 18C (64F).

Wales, N. England, Isle of Man, Ulster, S. Scotland
Showers, some heavy, bright intervals. Max. 16C (61F).

Rest of Scotland
Outbreaks of rain with gales in places. Max. 14C (57F).

Orkney and Shetland
Outbreaks of rain. Max. 12C (54F).

Outlook: Cool and windy, with showers and sunny intervals.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	23	73	Lisbon	S	30	86
Algiers	S	27	81	Locarno	F	23	73
Amsdm.	C	16	61	London	F	19	66
Athens	S	30	86	Luxmbg.	C	19	66
Bahrain	S	36	97	Madrid	S	27	81
Barclna.	S	25	77	Majorca	F	27	81
Beirut	S	29	84	Malaga	S	26	79
Belfast	F	14	57	Malta	S	26	79
Belgrd.	F	24	75	Mchstr.	F	15	59
Berlin	C	20	68	Melbne.	C	11	52
Biarritz	F	20	68	Milan	S	25	77
Bmghm.	C	16	61	M'ntreal	C	19	66
Blackp'l	F	15	59	Munich	F	19	66
Bordx.	F	21	70	Nairobi	S	22	71
Boulgn.	C	18	64	Naples	F	24	75
Bristol	F	18	64	Nwcstl.	S	15	59
Brussels	R	15	59	N. York	S	22	72
Budpst.	F	23	73	Nice	S	25	77
B. Aires	S	24	74	Nicosia	S	30	86
Cairo	S	32	91	Oporto	S	30	86
Cardiff	F	15	59	Oslo	R	15	59
Cas'b'ca	S	26	79	Paris	C	18	64
Cape T.	S	19	66	Perth	S	15	59
Chicago	C	23	73	Prague	F	30	86
Cologne	C	20	68	Reyklvk.	C	10	50
Cpnhgn.	C	18	64	Rhodes	S	34	93
Corfu	F	23	73	Rio J'o	C	24	75
Dublin	F	16	61	Rome	F	28	82
Dbrvnk.	R	19	66	Salzb'rg	F	21	70
Ednbgh.	F	15	59	Singapr.	C	31	88
Faro	S	27	81	Stckhm.	F	20	68
Florence	F	28	82	Strasb'g	C	21	70
Frankf't	F	22	72	Sydney	S	14	57
Funchal	F	23	73	Tangier	S	28	82
Geneva	S	21	70	Tehran	S	26	78
Gibrltr.	S	25	77	Tel Aviv	S	28	82
Glasgow	F	15	59	Tenerife	S	20	68
G'rnsey	C	15	59	Tokyo	C	24	75
H. Kong	S	31	87	Toronto	S	23	73
Innsbr'k	S	22	72	Tunis	F	28	82
Invrnss.	C	14	57	Valencia	F	27	81
I.o Man	S	15	59	Venice	S	25	77
Istanbul	S	29	84	Vienna	S	23	73
Jersey	C	15	59	Warsaw	F	22	72
Jo'burg	S	14	57	Zurich	F	20	68
L. Plms.	S	21	70				

C—Cloudy. F—Fair. R—Rain. S—Sunny.

Spillers asks investors to wait

BY CHRISTINE MOIR

THE BOARD of Spillers, the flour miller and food processor, has made a public plea to its shareholders not to sell shares before hearing the company's defence against last Wednesday's snap £73.6m bid from Dalgety.

There has been heavy selling in the market since the bid was announced giving Dalgety, the international food trader and agricultural agent, the chance to pick up more than 7 per cent of Spillers.

Spillers' board has taken advertisements in several of today's newspapers saying that "the proposed offer does not reflect the real value of Spillers as a company."

Meanwhile, Rowe and Pitman, acting as stockbrokers for Dalgety, have been steadily buying shares in the market at just under the offer price.

Spillers has 35,000 shareholders, 31,000 of whom own less than 5,000 shares. Jobbers report that some "chunky" parcels have come on to the market suggesting sales by institutional shareholders reluctant to accept Dalgety shares or await another possible bidder.

On Friday, the brokers bought 3.8m shares and on Monday a further 7m at between 49⅞p and 49¾p to give Dalgety a 7.3 per cent stake in Spillers. Yesterday Rowe and Pitman confirmed it had been buying again.

Spillers' share price has now weakened to 49p but Dalgety's has also been falling making purchases a delicate matter of not overstepping the bid price. By yesterday evening Dalgety's shares had dropped another 4p to 293p, valuing each Spillers' share at 48.8p.

When the offer was made Dalgety's shares were 300p and Spillers' rose to 51p, 1p above the bid value.

Both Dalgety and Spillers normally employ Cazenove and Co. as official stockbroker. Following the announcement of the bid, Cazenove decided that the fairest move was to retire temporarily as adviser to both parties. Hoare Govett is now acting for Spillers.

Ladbroke buying Laskys

BY CHRISTINE MOIR

OWNERSHIP of Laskys, a household name in hi fi retailing, could change hands in the next day or so.

Audiotronic Holdings, the loss-making company which owns the Laskys chain of shops, expects to exchange contracts with the Ladbroke Group very shortly.

Mr. Derek Sate, Ladbroke's finance director, said yesterday that he was "not in a position to comment" on the deal but it is known that the gambling to leisure group wants rapidly to expand Hardman Radio, a recent acquisition.

Hardman is described in Ladbroke's latest accounts as an "up-market hi-fi operation—set for growth." At present it has only six outlets in the north west with another due to open in Sheffield.

The Laskys chain consists of 40 or so shops mainly in London and the south. In the 12 months to March it had a turnover of £15.7m but was losing money heavily, largely, according to Mr. Geoffrey Rose, the new chairman, because overheads were too high for a chain of Laskys' size.

Any downturn in volume through delivery holdups or bad weather—both of which occurred in the final quarter—was crucial.

Continued from Page 1

Wedgwood profits fall

operating profits fell from £1.8m to £937,000.

Interest charges were up sharply to £367,000 and, after a much reduced tax change, attributable profits were down to £139,000 from £1.15m. Earnings per share emerged at 1.1p compared with 3.2p.

Despite the small rise in sales, actual volume was down by some 2½ per cent after adjustments for price changes and exchange rate movements.

Despite the latest set of results and gloomy forecasts for the world economy, Wedgwood's medium and long term prospects remained favourable, Sir Arthur said.

But high finance costs were hitting the company, with interest charges up by £247,000 in the first three months. Losses in overseas distributing companies and lower profits on tourist trade at the London retail outlets had cost a further £720,000 as a result of "the inflated price of sterling."

Earnings had increase, however at the Croydon factory in Australia and the new venture at Franciscan in California, for which Wedgwood paid $13m recently in its first U.S. manufacturing entry, should also make a contribution next year.

EEC sets up trade barriers inquiry

BY RHYS DAVID

THE EUROPEAN Commission has set up a special committee to look at the way in which member countries are protecting their markets from competition from within the EEC through various technical barriers.

Behind the move is mounting concern over the scale of the problem. According to some Commission officials, national regulations which disqualify imports on technical grounds have proliferated inside the EEC in recent years to a point where they now inhibit EEC trade at a faster rate than harmonisation measures encourage it.

A major problem posed by non-tariff barriers is that the various local technicalities on which they are often based make it very difficult for the Commission to prepare a sound legal framework capable of dealing with them. The aim now is understood to be the preparation of wider-ranging legislation to prevent the creation of fresh barriers to trade.

Discriminated

The committee was set up by Mr. F. Braun, the director general for the internal market and industrial affairs, and will consist of senior officials from member states. It is seeking examples from manufacturers of problems in gaining access for their products across national frontiers in the Community.

In the UK, the Trade Department will be feeding information to the committee. It has asked all trade associations for examples of UK companies which believe they have been discriminated against compared with a competitor in the importing member state.

The sort of barriers the committee hopes to identify include legal restraints—such as unfairly applied Health and Safety requirements—as well as various commercial practices. The French, for example, last year introduced new regulations covering fork-lift trucks which had the effect of excluding many imported models.

At present, the UK toy industry is protesting at new French regulations which are being applied by French customs officials to exclude many toy imports. UK manufacturers claim that on a wide range of products the French apply what it known as administrative friction—excessive documentation requirements aimed at slowing down the entry of goods and discouraging the exporter.

France itself has recently into protest from Italy over its decision to introduce technical visas on imports of sweaters from Organisation for Economic Co-operation and Development countries, including Italy.

Rigorous

Entry into the West German market is similarly made more difficult, many exporters claim, by the rigorous standards procedure through which goods must pass. The standards set compulsory performance levels for products, but these can sometimes vary from region to region. UK electrical goods manufacturers in particular claim to have had difficulties in penetrating the West German market because of its standards procedures.

The inquiry is also likely to turn up complaints against the UK. The French have cited in the past the duty advantages enjoyed by British beer over French wine.

The evidence being collected will be submitted to the Commission before mid-October.

THE LEX COLUMN

Ocean's dividend warning

What with the UK lorry drivers strike and the severe disruption of its all-important Nigerian liner trades, the stock market was reckoning, ahead of the results, that Ocean Transport and Trading would be lucky to do much better than break even in the first half of 1979.

In the event interim pre-tax profits have jumped from £2.3m to £6.6m which seems a surprisingly good performance. But the company's tough statement that unless its "expectations for recovery in pre-tax earnings improve" it might have to cut its dividend dented the market's enthusiasm. After being 7p up at 99p, the shares closed just 2p higher at 94p where a yield of 13 per cent plus underlines the continued uncertainty.

While Ocean's first half performance is better than most had expected it has been flattered by the profits, as opposed to losses on ship sales (a swing worth £2.6m) and a £1m rise in the share of profits from associated companies. The latter is surprising given all the bearish comment about the profits of Overseas Containers Ltd. Leaving aside the contribution from associates and ship profits, Ocean reported a reduction in trading losses from £2.3m to £1.6m. At the moment the slight improvement at the trading level is being largely offset by a £2.2m rise in net financing costs and with capital spending of £70m this year gearing is on the increase.

In the second half the group should be helped by some recovery in Nigeria (there was a virtual cessation of shipments in the first six months). In addition, the absence of last year's £3m rationalisation costs and of the £4.9m of ship sale losses should at least make the group's 1979 profits look better by around £8m. But Ocean is still talking about only a "modest improvement" on last year's pre-tax profits of £10.1m. The dividend cost £9.3m last year.

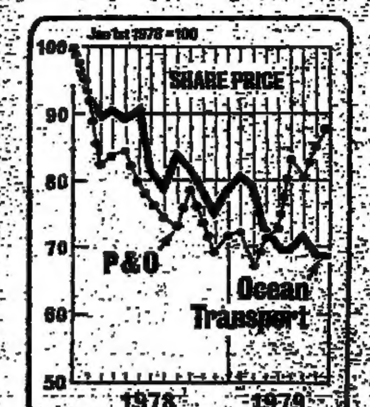
Wedgwood

In June, Wedgwood was happily contemplating "a uniquely successful year." In July, it warned that results for the first quarter to June would be "very disappointing." Now it says that its results this year will show "an appreciable regression" on 1978-79's £8.5m pre-tax. In the first quarter, seasonally the least important, profits have slumped from £1.7m to £570,000.

Behind this startling deterioration lies rising finance costs—painful for a business which has been spending more than twice it current cost depreciation provision on fixed assets in the last two years—and the rise in sterling. Nearly three-fifths of sales are made overseas, and North America is much the biggest market. The distribution subsidiaries there buy from the UK factories in sterling and have had their margins slashed. Sales to tourists in London's West End have also been hit, and the combined cost to profits of higher sterling is put at £720,000 in the quarter.

Sales volume in the U.S. has been slipping a little, and a recent increase means that Wedgwood's prices there have risen by about a quarter since January. That should help to bolster margins later in the year, yet overall profits could fall by as much as perhaps a third. The balance-sheet is in reasonable shape and the dividend is safe. But the shares, which have been very weak this year, fell 7p to 80p yesterday where they yield 7½ per cent.

Index fell 2.9 to 464.5



Hong Kong

Trying to control the growth of credit in an economy in which inflationary expectations are running ahead is an uphill task at the best of times, and it is not made easier by the absence of a central bank. The Hong Kong Government, having seen its earlier attempts to slow monetary growth prove ineffective, has now been forced to turn nasty.

In the March budget the authorities gave themselves some hold over the banks' lending base, but even so there has been no convincing evidence that lending growth is slowing down—it has recently been running at more than 35 per cent a year. The granting of Hong Kong licences to foreign banks, which have taken some blame for the high level of lending, has been suspended, and at the end of last week the local banks bowed to official pressure and raised prime rates by 1½ points to 14½ per cent.

The authorities clearly intend this level of interest rates to put the brakes, at last, on property speculation. Mortgage borrowers through finance houses may now be paying more than 17 per cent, which should deter prospective purchasers as well as deflating demand in the economy as a whole and reducing import penetration. To some extent the higher rates are also necessary to pre-empt a run on the Hong Kong dollar.

Not surprisingly, the Hang Seng stock market index has fallen by around 40 points, or 6½ per cent, in the past two days. A fall of this size wipes out margin positions and can cause widespread liquidation but in general there seems to be less speculative money in the market than there was a year ago, when panic-stricken sellers brought it down by 35 per cent in a matter of weeks. Nevertheless, it looks to be in for a nervous patch.

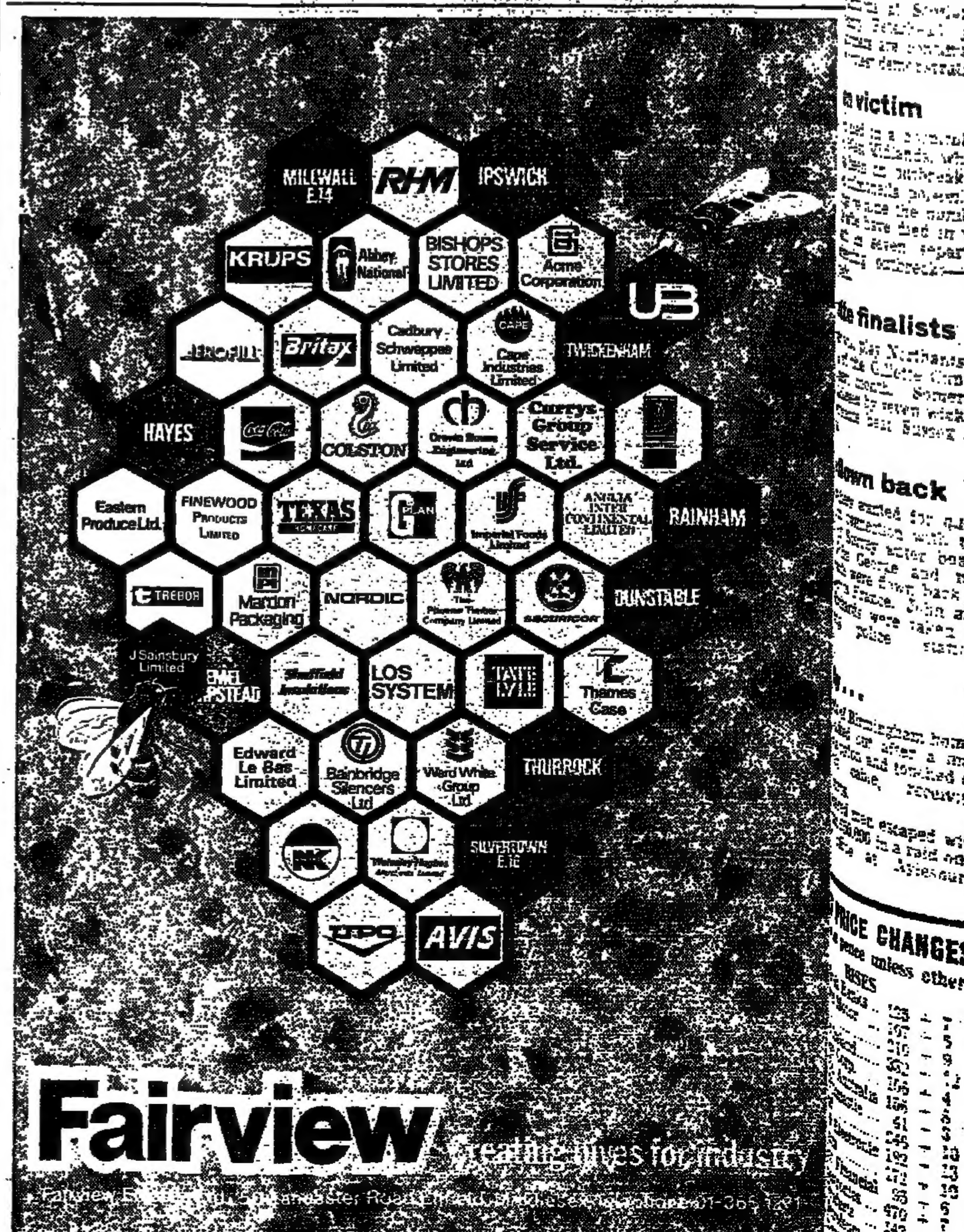
The one steadying influence yesterday was the announcement of a 37 per cent rise in net profits to HK$432.7m by the Hongkong and Shanghai Banking Corporation, which has enjoyed the high margins available at home, where its subsidiary, Hang Seng Bank has been an aggressive lender, and seen overseas earnings flattered by the weakness of the Hong Kong dollar.

De Beers

The laws of gravity have finally caught up with De Beers after four years leading to the boom of 1978. The Stock Market had been warned by the figures for diamond sales in the first half to expect a little less from De Beers this year. Nevertheless further dividend increases were expected: in the event De Beers has left its interim payout unchanged, for the first time since 1975, at 20c per share.

The telling figure, in the interim results is the 8.4 per cent fall in De Beers trading profit on diamonds despite a 2 per cent rise in the Central Selling Organisation's diamond sales and despite a hefty, but unquantifiable, increase in the price level between the two first halves. The implication is that De Beers is now mining more diamonds than it is selling.

Neither the maintained interim dividend, nor reports from the diamond market, suggest anything but a static outcome for the year. Assuming a small increase in the total dividend to 70c, the shares at 373 yield 10.1 per cent.



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